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Turok, I., and Webster, D. (1998) *The New Deal: jeopardised by the geography of unemployment?* Local Economy, 12 (4). pp. 309-328. ISSN 0269-0942

<http://eprints.gla.ac.uk/59050/>

Deposited on: 16 January 2012

The New Deal: Jeopardised by the geography of unemployment?

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Article for *Local Economy*, February 1998

Introduction

The New Deal is Labour's flagship programme to "end the tragic waste of youth and long-term unemployment" by getting people off welfare benefits and into work. The scale of resources involved (£3,500 million) and the high profile consultative events held with private employers, public bodies and voluntary organisations suggest a clearer commitment from a UK government to tackle unemployment than has been seen for many years. It deserves serious consideration by practitioners and researchers, even if for no other reason than if it fails, precious popular support for public action on unemployment may be set back a long way.

The New Deal has several key features to be borne in mind at the outset. It is financed by a one-off windfall tax on the excess profits of the privatised utilities, rather than a recurring commitment of public funds. It is intended to operate on a large scale, initially covering all those under 25 and registered unemployed for over 6 months, then extended to long-term unemployed adults, those under 25 and short-term unemployed, lone parents out of work, and ultimately people on incapacity benefit. In the classic tradition of initiatives of this kind, it has been introduced essentially as a stand-alone national programme with its own rules and procedures.

Much of the public discussion to date has focused on these rules (particularly the issue of compulsory participation), technical details (such as the restricted duration of the training available), the target groups (the possibility that the most disadvantaged will get marginalised by output-related funding), the limited recruitment incentives for private employers and the quality of the work experience on the environmental task force and voluntary sector options (which may suffer from underfunding).

Little attention has been given to the fundamental rationale and policy orientation of the programme - the focus of this paper. We argue that the principal weakness of the New Deal is that it seeks to influence the character of labour supply (ie the motivation and skills of the unemployed) while neglecting the state of labour demand, which varies greatly between places. The uneven geography of unemployment in the UK is likely to have a crucial bearing on the programme's impact and effectiveness, but this has been largely ignored in its development. The paper outlines some of the practical consequences of this imbalance and suggests how it could be rectified for the programme to be more effective.

During its first 6 months in office Labour has shown tentative signs of willingness to adjust details of the New Deal. They may allow self-employment to become an additional

option and the public sector to be included within the employer option, and may alter the balance between youth and adult target groups in recognition of the recent falls in registered youth unemployment. However, the overwhelming supply-side emphasis has persisted. There has been no acknowledgement of the need to address the deficient demand for labour in many places by supporting projects which actually expand employment there.

Elements of the New Deal

The New Deal consists of a range of measures to equip the long-term unemployed to compete better in the labour market (DfEE, 1997a). The first "Gateway" stage aims above all to get people directly into work through help with intensive job searching, careers advice and guidance lasting for up to 4 months. If they fail to get a job at this stage they are offered one or more of four options: a subsidised placement with an employer, work experience on an environmental task force or with the voluntary sector (all last for up to 6 months and include an element of training), or full-time education or training (for up to 12 months). They are also offered follow-up support during and after these options to help them find employment. People who fail to take up offers of specific places on the options lose their unemployment benefit for 2 weeks initially; with each subsequent refusal the length of the loss of benefit increases. According to the euphemism, there is "no fifth option".

The Employment Service has lead responsibility for implementation. They aim to deliver the programme through "local partnerships", including local authorities, voluntary organisations, TECs/LECs, colleges and private training providers. The specific arrangements are expected to vary from area to area according to local needs and institutional structures. An immediate area of uncertainty is how and why local agencies should come together, since the contracts for delivery of most elements are to be allocated through competitive bidding and many of them will be rivals for funds, participants and employer placements. This, coupled with the emphasis on *delivery* in the local partnerships, means that issues of programme design and balance are bound to be determined centrally. Local flexibility may be limited to the detailed organisational arrangements. Consequently, it is likely to prove difficult to integrate the New Deal properly into existing provision. The heavy imprint of the Employment Service is already clear from the early documentation. There is a strong emphasis on detailed operational rules and prescriptive procedures, with little apparent scope for local discretion and no consideration of the underlying rationale, policy principles or vision of what the programme might achieve (see eg DfEE, 1997a). One has to look elsewhere for any discussion of these.

Underlying Assumptions

It is apparent from the origins and current content of the New Deal that it is based on a view of long-term unemployment which attaches overwhelming emphasis to aspects of labour supply, such as the lack of skills or work incentives on the part of the unemployed (for its origins, see eg CSJ, 1994, Chapter 5). There are two theories of long-term

unemployment that could, if correct, provide a justification for the programme. Ministerial statements and press releases have echoed these ideas, indicating their resonance with the New Deal. The implication of both theories is that a temporary programme to raise people's employability and get them off benefits will permanently cut unemployment.

One theory states that the experience of unemployment makes people less employable, through depletion of skills, erosion of work habits, discrimination by employers and less intensive job searching the longer people are unemployed (Budd et al, 1988; Layard et al, 1991; OECD, 1988). The Treasury press notice announcing the New Deal stated: "Long spells of unemployment at a young age have a serious scarring effect on people, detrimental to both their motivation and future employability" (HM Treasury, 1997). If true, this "withering flowers" theory is very important because it implies that the long-term unemployed have become detached from the labour force, forming a large pool of people who are basically unemployable, which has been "ratcheted up" over time. This is said to cause the overall economy to run at an unnecessarily high "natural rate of unemployment" because the long-term unemployed are poor "inflation-fighters". If the long-term unemployed could be reskilled and reconnected to the labour force, they would put downward pressure on wage inflation and allow the economy to operate at a higher level of employment. Before the election, Labour's New Deal adviser, Richard Layard, suggested that unemployment could be brought down by 440,000 over 5 years by a programme of precisely this kind costing £1,500 million (Layard, 1997).

The second theory states that people remain unemployed for longer because welfare benefits give them an incentive to do so (Layard et al, 1991; OECD, 1988). The above-mentioned press notice also stated that unemployment "entrenches a culture of dependency" (HM Treasury, 1997). If true, this "replacement ratio" theory suggests that countries will have higher levels of long-term unemployment where the ratio of benefits received by people out of work is relatively high in relation to net wages in work, and/or where the duration of benefits is longer. The obvious policy implication is that benefits need to be reduced in scale or duration in order to ensure that the long-term unemployed have sufficient incentive to take whatever jobs are available. The link with the New Deal is clear, both in terms of the benefit sanctions for failure to participate and the low level of allowances on the environment and voluntary sector options. This was recommended at existing benefit level plus £20 to ensure that participants are "impatient to get into regular jobs" (Layard, 1997, p 4).

In fact, there is little evidence of a distinct long-term unemployment problem separate from the overall unemployment problem. "While people's morale and self-esteem may well be influenced by the experience of unemployment, there is little evidence that this in itself has a significant impact on their future employment status, or that it creates a lasting problem of long-term unemployment which is not resolved by an increase in employment. A detailed study looking at a wide range of cross-section and time-series data found that the rate of long-term unemployment is closely related to the overall rate of unemployment (Webster, 1997a). The relationship between long-term unemployment

and total unemployment does not change as unemployment rises, as the theories suggest it should. Long-term unemployment also falls as unemployment falls, in the same way as it rises. Comparing the position across different localities, regions and nations, long-term unemployment also emerges consistently as a simple function of overall unemployment.

What basically happens is that as the balance between labour demand and supply worsens in an area, more people become unemployed and they stay unemployed for longer. The reverse is true when employment conditions improve. The main explanation for long-term unemployment must therefore be the shortage of jobs, which is more acute in some places than in others, and at some times than at others. The same conclusion was reached about youth unemployment in a recent study for the Council of Churches for Britain and Ireland: "the main explanation for youth unemployment is the deficiency of demand for labour overall" (CCBI, 1997, p 38). The clear implication of all this is that special supply-side measures focused on the youth and long-term unemployed are less important than efforts to create suitable jobs for the unemployed in the places where unemployment is high.

Geographical Variations in Labour Demand and Supply

The New Deal and the theories on which it is based are seriously weakened by their neglect of the geography of unemployment and economic performance. Labour market conditions and the causes of unemployment vary between places, so the policy solutions and packages of relevant measures should differ accordingly. Some local labour markets are relatively tight, in which case supply-side barriers to employment may be a significant constraint on growth, perhaps in the Aberdeen or Cambridge areas. Wage inflation may possibly be an issue here, and measures to enhance the employability of the long-term unemployed may have a part to play in facilitating economic expansion.¹ However, in many British towns and cities the fundamental problem is insufficient demand for labour, with a particular shortage of manual jobs.

The places which need the New Deal most are areas which have experienced a steady decline in traditional industries and limited compensating job growth. These relatively depressed local economies are the very places where it will be most difficult to help people get jobs through the provision of basic training, work experience or employer subsidies. It will also be hardest here for them to price themselves into jobs given the scale of existing competition for vacancies. The national minimum wage may contradict the logic of this adjustment process too. The priority in these areas should be to create additional permanent jobs, and the considerable resources of the New Deal should be made available for this purpose.

In the rest of this section we show how the geographical distribution of all four New Deal target groups — unemployed youth, long-term unemployed, lone parents and the long-

¹ Note that the barriers to employment in these localities typically involve shortages of highly skilled workers more than unskilled labour. The 12 month time limit on the New Deal education and training option is unlikely to do much to alleviate the problem of skills mismatch.

term sick - appears to match that of total unemployment, with minor variations. In areas of high unemployment, the programme will be trying to push all four groups into jobs in local labour markets already suffering from an acute over-supply of labour. Moreover, these areas have already had considerable experience of government supply-side labour market programmes (Gardiner, 1997). We discuss the practical consequences of this later.

Figure 1 shows the rate of unemployment for young men (20-24) plotted against that for all men for local authority districts in Britain, drawing on Census of Population data for 1991. It demonstrates that youth unemployment is closely related to overall unemployment: areas with high total unemployment have high youth unemployment, and vice-versa. This finding is supported by a recent international study of youth unemployment across 15 countries which concluded that "the most likely cause for the adverse labour market experiences of youths is the high overall rate of unemployment" (Blanchflower and Freeman, 1996).

Suitable data for comparing long-term unemployment are more difficult to obtain from national sources, so they must generally be secured from individual local authorities.

Figure 2 shows the relationship between long-term and total unemployment for the 19 Districts of Strathclyde at five different points in time. The Districts have moved up and down roughly the same path on the graph, depending on the business cycle. Glasgow has always had one of the highest unemployment rates and East Kilbride one of the lowest. In a year when unemployment was cyclically low, such as 1996, Glasgow had a very similar level of long-term unemployment to East Kilbride when its unemployment rate was at the same level, in 1986. The conclusion that long-term unemployment is closely linked to total unemployment is supported strongly by data from other localities too (Webster, 1997a).

In terms of lone parents, **Figure 3** shows an important link between the proportion of households with children which are headed by female lone parents, and male unemployment. The connection actually goes much further, since the proportion of female lone parents who are out of work and the proportion who are economically inactive are also closely linked to male unemployment (Webster, 1997b). Put simply, in prosperous areas where male unemployment is low, a high proportion of lone parents are in work, but in depressed areas where a lot of other people are also looking for jobs, only a small proportion of lone parents manage to get work. If jobs are scarce, women may stay at home or get involved in voluntary work or other unpaid activities and not bother to declare themselves as unemployed. An implication is that the challenge to the New Deal for lone parents clearly goes well beyond the provision of childcare and training.

Figure 4 shows that long-term illness is also strongly related to unemployment. The scale of registered long-term sickness has risen enormously since 1980, and the rate of increase has accelerated since 1991. This goes a long way towards explaining the discrepancy in many areas between the large fall in registered unemployment since 1991, and a small increase in employment. It has been estimated that the number of people on sickness benefits who would have been in work, in circumstances of full employment, more than doubled between 1991 and 1997 to 1.26 million (Beatty et al, 1997). As an

aside, the level of New Deal resources initially earmarked for people on incapacity benefit (£200 million), lone parents (£200 million) and long-term unemployed adults (£350 million) seem paltry compared with those devoted to unemployed youth (£3,150 million) (HM Treasury, 1997), given the relative scale of these problems.

Unemployment and Job Loss

Huge geographical shifts in employment have taken place in the last two decades, particularly in manufacturing. **Figure 5** shows the change in total jobs for Scottish districts between 1981 and 1991. There was a huge range, from an increase of over two-thirds in Skye and Lochalsh to a fall of a third in Cumnock and Doon Valley. A general "urban-rural shift" of manufacturing jobs in Britain is well documented. It has been superimposed on the national fall in manufacturing employment of over 50 per cent since the late 1960s. In the worst-affected areas, such as Cumnock and Glasgow, blue-collar jobs - those most relevant to the unemployed — have fallen far more than total employment: by 30 per cent in Glasgow between 1981 and 1991, compared to under 3 per cent in Scotland outwith the Clydeside conurbation. The fall in Liverpool was 40 per cent.

Unemployment is closely related to changes in employment. **Figure 6** shows that across all the large British cities, male unemployment in 1991 was strongly linked to the change in employment between 1981 and 1991. Cities which gained jobs — such as Aberdeen, Edinburgh and Leeds — had far lower unemployment rates than cities which had large job losses - such as Liverpool, Manchester and Glasgow. High unemployment has persisted in precisely the areas which lost most jobs, indicating the adjustment difficulties facing displaced workers and their families. The intimate connection between changes in employment and unemployment serves to emphasize the importance of policies which affect labour demand as well as labour supply.

Given their importance, how should the geographical variations in employment conditions be analysed and treated? In particular, what spatial units are appropriate? Attempts to properly understand and tackle unemployment are hampered by a lack of reliable data. The only regular government statistics on local unemployment are for Travel-to-Work Areas (TTWAs). These are treated officially as the key building blocks for comparing labour market conditions in different places and defining priority areas under UK and EU regional policies.

In fact, TTWAs conceal the most important concentrations of unemployment within average rates for artificially large areas (Webster and Turok, 1997). The latest revisions using the 1991 Census have created even larger areas than before, particularly in and around the major cities. Edinburgh's latest TTWA includes West and East Lothian for the first time. Glasgow's includes Cumbernauld, Coatbridge, Airdrie, East Kilbride, parts of Renfrewshire (Bridge of Weir and Kilmalcolm) and Stirlingshire (including Drymen and Balmaha). Their scale may have confused policy makers about the very high levels of unemployment in the inner cities and peripheral estates, since they are averaged with low rates for the prosperous suburbs and some of the surrounding towns. They could also

have given a misleading impression of the distances which most of the unemployed are able to travel to work. As a result, TTWAs may have contributed to the diversion of economic development efforts away from the locations where jobs are needed most. The New Deal should be developed on the basis of smaller geographical units than this to ensure they focus on unemployment hotspots.

Employment Zones

The New Deal lacks a spatial perspective, with one exception – Employment Zones. The initial intention is that up to five such Zones are to be selected in a competition open to eight areas of high long-term unemployment across the country (DfEE, 1997b). Judging from the prospectus, these seem to have peculiar boundaries based on Employment Service districts which bear no consistent relationship to functional regions, local unemployment concentrations or meaningful administrative units for local authorities or other development bodies. They are described as Glasgow, North Wales, Plymouth, Liverpool, Teeside, Wakefield/Doncaster, Birmingham and North West London.

The emphasis in the Zones will be on offering long-term unemployed adults a slightly wider range of options than available generally under the New Deal. They include additional scope for education and training (Learning for Work), temporary work experience and training on intermediate labour market-type projects (Neighbourhood Match), and assistance with business planning to facilitate self-employment. The additional resources available are very modest in relation to the wider New Deal (£33 million, or about 1 per cent of the total budget). For each Zone there will be £1,000 per participant for up to 1,000 participants at any one time (DfEE, 1997b). Assuming that the average length of time spent by participants on projects is between 6 and 12 months, the total sum available for each Employment Zone will be about £1-2 million per annum. Yet a city such as Glasgow expects to get between £70-90 million (or about £15-20 million per annum) under the main programme, on the basis of its share of long-term unemployment.

Another feature of the Zones is the encouragement to use welfare benefits and existing training programmes with more flexibility to improve the quality of support to job seekers. "At present legislation does not permit flexible pooling of money voted by Parliament for separate purposes. Ministers are, therefore, seeking to test the approach within the limits of existing legislation" (DfEE, 1997b, p 4). Local partnerships are to be set up and urged to develop an integrated strategy involving all public, private and voluntary bodies concerned in some way with long-term unemployment. An indicative list is provided of 20 different kinds of organisation that might be included, ranging from the police and probation service to religious groups, schools, local authorities and development agencies. In fact, the financial incentives and timescale for these agencies to collaborate are hardly serious. The prospectus emphasizes that: "Employment Zone provision should not compete with or duplicate what is already in place and successful" (DfEE, 1997b, p 6). This is laudable but unrealistic in what is already a crowded marketplace for services of this kind. The initiative has insufficient leverage over the range of existing funding streams and policies to bring about any significant (and

genuinely needed) realignment, coordination or integration of existing national and local employment schemes.

The main reservation about the Zones is that they do not address the shortage of labour demand in these places. Except for helping people to become self-employed (which seems likely to become more widely available anyway), they are similar to the New Deal options and involve only temporary work and training opportunities for participants. The quality of support may be slightly better because of the extra funding and flexibility, but the approach is fundamentally unchanged. "The objective is to improve individuals' employability and *if possible* secure their sustainable employment" (DfEE, 1997b, p 7, emphasis added). The key unanswered question is what happens to people 6 months or a year after completing their support programme if there are no more jobs available in their areas? Starting a business is not realistic for most people in the target groups, who lack the necessary financial resources, assets for collateral and managerial/marketing skills. The conditions for high rates of new firm formation are generally weakest in the areas of highest unemployment in Britain (Ashcroft et al, 1991). Experience suggests that business start-up programmes have modest employment effects when targeted towards the unemployed in areas of low income, especially taking into account displacement effects (Storey, 1994; Turok and Richardson, 1991).

Some of the academic exponents of the New Deal appear to recognise that there are not enough jobs in some places. Layard himself has stated: "In an isolated labour market the adjustment process can of course be difficult ... In such areas there will have to be major job-creation projects as well" (Layard, 1997, p 3). This advice is not reflected in the Zone proposals. Yet these would appear to be precisely the situations in which major additional job-creation programmes are required. The Employment Zone emphasis on benefit constraints, skill deficiencies and individual employability seems particularly misplaced in these areas.

Practical Consequences of the New Deal

Implementing the New Deal unchanged in areas of high unemployment is likely to fail expectations and may even prove counter-productive. The shortage of jobs relative to the numbers unemployed is bound to mean fewer opportunities under the prized "employer option" than available elsewhere, requiring greater reliance upon the voluntary, environmental and education options. These are likely to prove less effective at getting people into permanent jobs than equivalent projects in other places, for the same reason, thereby reinforcing the impression of a second-class programme in these areas. Coupled with the threat of benefit sanctions, this may make many people reluctant participants on projects, with detrimental consequences for management styles, discipline, the quality of people's shared experience and scope for mutual support. It will also undermine the schemes' ability to retain participants for the full duration and expose them to the range of opportunities designed to help them make progress in the job market. Subsequent blame for failure might be attributed wrongly to the unemployed themselves or to the local organisations running these projects. Understandable disaffection and resistance to the revolving door of one scheme after another would also lead to larger-scale benefit

sanctions than elsewhere. This would reduce incomes and increase hardship in the poorest communities, and might contribute to other problems such as homelessness and possibly crime. Areas of low unemployment would not be affected to the same extent, so geographical disparities across Britain for all sorts of variables and unintended consequences would widen further.

An additional consideration is how the new programme relates to the large number of existing supply-side measures common in areas of high unemployment. Many are similar in broad respects to those of the New Deal. Some are high-volume national programmes with standard terms and conditions, little flexibility and low unit costs, such as Training for Work, Youth Training, and a host of schemes geared to job search, recruitment incentives and benefits in- and out-of-work. Important doubts have surrounded their economic impact and quality for many years (for recent analyses, see Bewick, 1997; Fletcher, 1997; Gardiner, 1997). It remains unclear to what extent the New Deal will be different or better, since much depends on implementation in practice.

Other initiatives are smaller-scale and tailored to local circumstances, having developed in a more organic fashion over the years. Some are spatially targeted and part of comprehensive area-based regeneration programmes. Others are linked into demand-side measures and devised with particular employment opportunities in mind to ensure client progression. Available evidence suggests that at least some of them are working reasonably well in difficult circumstances (eg Emmerich, 1997; Grimes, 1996; Marshall, 1997; Turok and Healy, 1994). Many offer a wider range of support and better integrated provision, including independent guidance and counselling, personal development and vocational training in flexible packages, customised training for specific vacancies, work experience paying the rate for the job and providing transferable skills, complementary child-care, intensive assistance with job seeking, and progressive wage and training subsidies to private employers with some obligation to keep recruits on afterwards. The ethos is voluntary rather than compulsory participation for the unemployed, which enhances motivation and channels it constructively. If the New Deal simply substitutes for, or crowds out, these schemes it will be providing nothing new. Indeed it will probably be replacing existing quality services with an inferior programme, and causing irresponsible disruption to provision since its funding is only temporary.

Given its considerable resources and separate administration, the New Deal could end up merely adding a raft of new volume programmes to existing provision. Substantially expanding the scale of supply-side measures in areas of high unemployment could prove a waste of money and produce adverse effects in increased "churning" of people into and out of temporary projects and work placements, with no lasting reduction in unemployment. In fact, it will create greater instability and uncertainty for the people concerned, promoting further disillusionment with government "schemes". This could affect their commitment to education and training more generally, and prompt some to withdraw from the labour market completely for the underground economy. It is very difficult to see how any putative macro-economic benefits may arise in these areas through downward wage adjustment and consequential employment growth, since their economic problems are far more structural than wage-related. Inundated with requests for

placements from employment agencies and the unemployed, but offered only a relatively small, flat-rate recruitment subsidy, many but the lowest-paying employers may simply ignore what they perceive to be another cynical government scheme to remove people from the unemployment register. Desperate for placements, agencies may turn a blind eye to employer abuse through displacing existing workers by New Deal recruits and replacing one of these after another at the end of the subsidy.

Modifications to Increase Labour Demand

Ministers may need to be reminded of earlier statements accepting the need for local variations, particularly to redress the supply-side emphasis in areas of high unemployment. The Employment Minister, Andrew Smith, has stated: "Rigid blueprints parachuted in from Whitehall are not the answer. The New Deal will be flexible in design ... It will rely on communities pulling together, meeting local needs with local solutions through local partnerships ... It will include building on the best of those local programmes and partnerships already working" (*Financial Times*, 17th July 1997). The current policy reviews being undertaken of urban regeneration and regional development in England provide an opportunity for more imaginative integration of the New Deal resources with other departmental funds to establish genuine comprehensive approaches to urban unemployment and economic development. Announcing the review of the Single Regeneration Budget, John Prescott said: "We want to promote employment and investment for sustained economic growth and at the same time promote opportunity and fairness" (quoted in London Housing Unit, 1997). A reinvigorated Scottish urban policy is just as urgent.

The priority in areas of high unemployment is to create additional jobs. These should be durable, not dependent on an ongoing subsidy, because the New Deal resources are one-off. This tends to militate against work-experience and training projects engaged in socially useful activities in the environmental, health, education, social work and related fields - that might otherwise have important attractions - unless they can be converted into self-financing enterprises generating income from beyond their areas. The New Deal needs to prioritise efforts to strengthen and diversify the productive base of these areas, with a particular focus on increasing manual employment within easy reach of unemployment concentrations.

Increasing the "additionality" of the New Deal should not be too difficult in some respects, from what has already been said. There is certainly potential for much more to be achieved. Two of the institutional requirements are greater flexibility at national level and trust in local organisations, so they can build on their understanding of local development needs and priorities, and strengthen their capacity to implement policies effectively. Local scope to determine expenditure priorities is important to ensure relevance and responsiveness to key demands for services and investment. Local control would make it possible to package the funds with other public, and indeed private, sources of finance to ensure they go further and maximise their economic impact. The nature and scale of the resources offer a unique opportunity for major investment projects that have hitherto been neglected because of financial constraints or risk-averse decision

making afflicting funding authorities and development agencies in recent years. A further guiding principle should be for New Deal projects to complement, and be properly integrated with, existing development strategies and regeneration programmes, not competing with, duplicating or replacing them, unless deficient.

The traditional instruments of regional and urban development are important in many old industrial towns and cities, including improvements in basic economic infrastructure, strategic roads and industrial estates. They could have a lasting impact in attracting, retaining and facilitating economic development in areas suffering from industrial decline, decentralisation and dereliction. They lack the appeal of glamorous flagship property schemes and *ad hoc* events favoured by competitive sources of capital spending, such as the Lottery or Challenge Funds. Yet they may have a bigger economic impact, initially through construction jobs, but more importantly by establishing the conditions for inward investment and self-sustaining development. Cities with an old Victorian physical layout, such as Glasgow, need modern infrastructure and improved transport links to open up large areas of vacant land for economic development and new housing, thereby helping to retain and recentralise employment and population, producing physical environmental spin-offs, savings in travel and energy consumption, and improved job access for the unemployed.

Integrated into broader regeneration strategies, it soon becomes clear how a flexible New Deal could serve a valuable purpose in economic, social and human resource terms. For example, an environmental taskforce could play an important role in reclaiming and upgrading brownfield sites. Some of this work involves fairly straightforward landscaping that could be done by unskilled labour on temporary projects, but some would require more complex treatment to decontaminate the land for productive after-uses. A carefully planned environmental initiative with proper training for participants and a phased work programme across the city could maximise the opportunity for progression between sites, help people to advance their skills and experience over time, and lead to long-term positions for many of them. The contrast with a short-lived proliferation of unconnected schemes covering activities such as litter removal, stone paving and tree planting, with little regard to the longer-term economic and human consequences, could not be clearer.

Conclusion

The New Deal provides an important opportunity to do something significant about unemployment in the UK. Evidence about the nature and geography of long-term unemployment implies that its rationale requires reconsideration and its supply-side emphasis needs to change. In particular, it needs to be modified to become more relevant and responsive to diverse labour market conditions in towns and cities across the country. Two fundamental changes are required. First, the scope needs to be broadened to encourage projects that lead to an increase in the number of permanent jobs in areas of high unemployment. Second, greater flexibility should be permitted to allow the resources to be incorporated more effectively into better balanced and properly integrated local economic development and urban regeneration strategies.

Acknowledgement

Thanks to Nicola Edge for help in preparing the figures.

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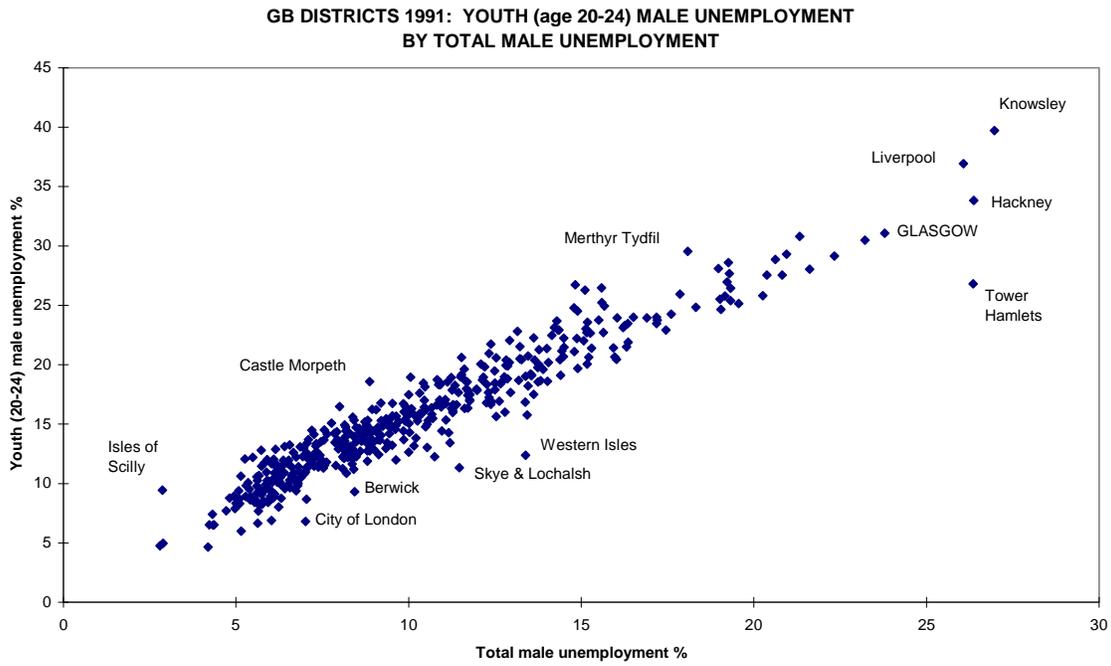
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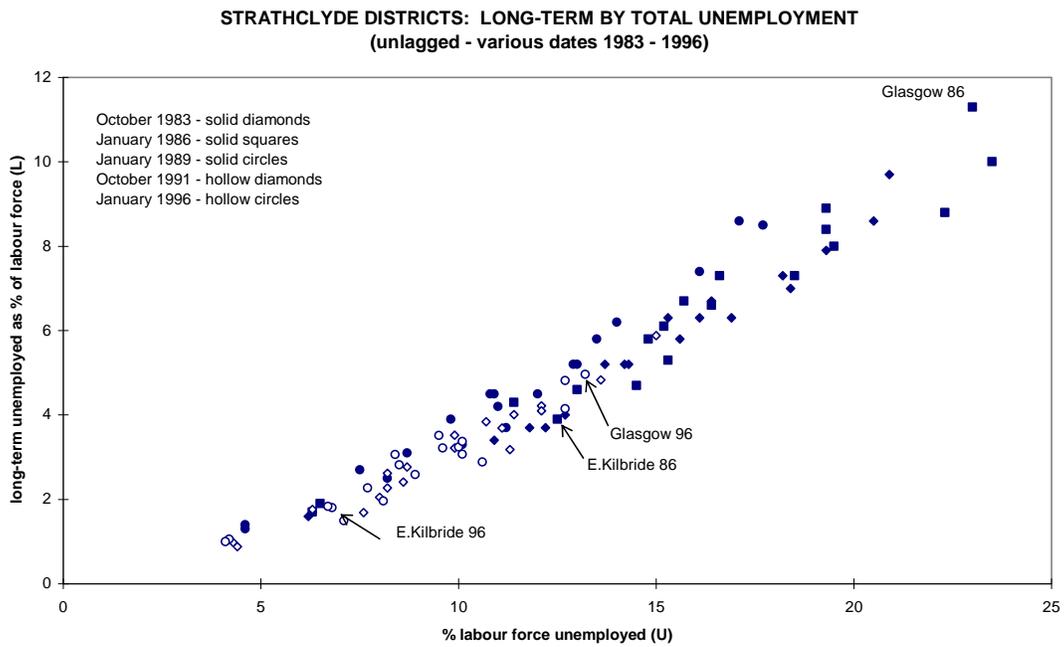
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Figure 1



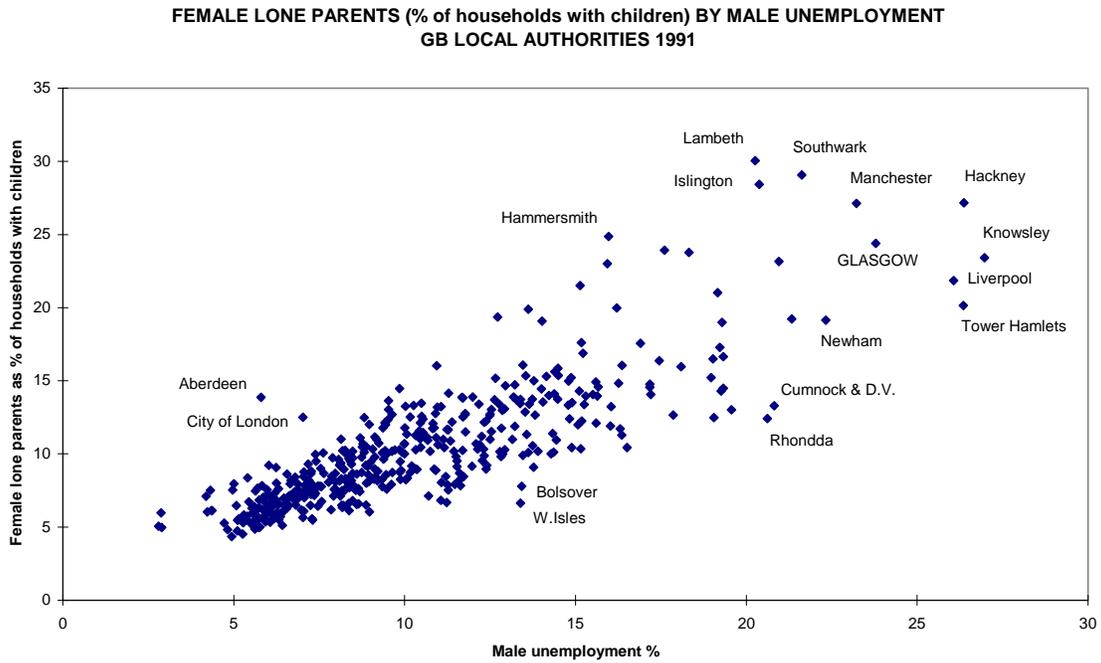
Source: Census 1991, Key Statistics for Local Authorities

Figure 2



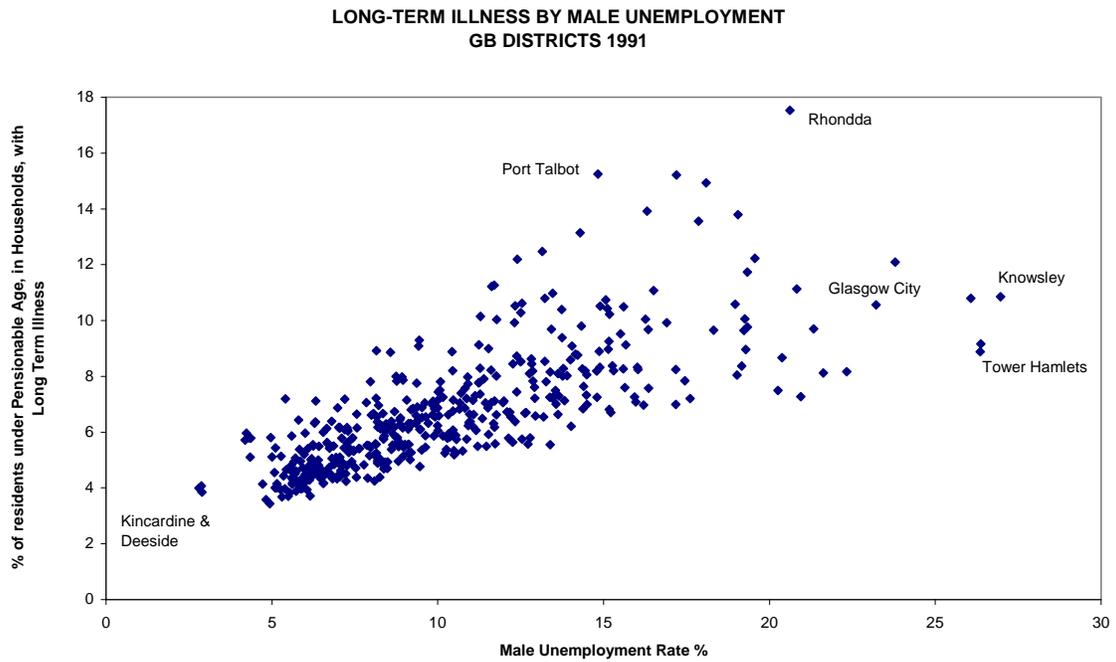
Source: Strathclyde Economic Trends, Strathclyde Regional Council Chief Executive's Department

Figure 3



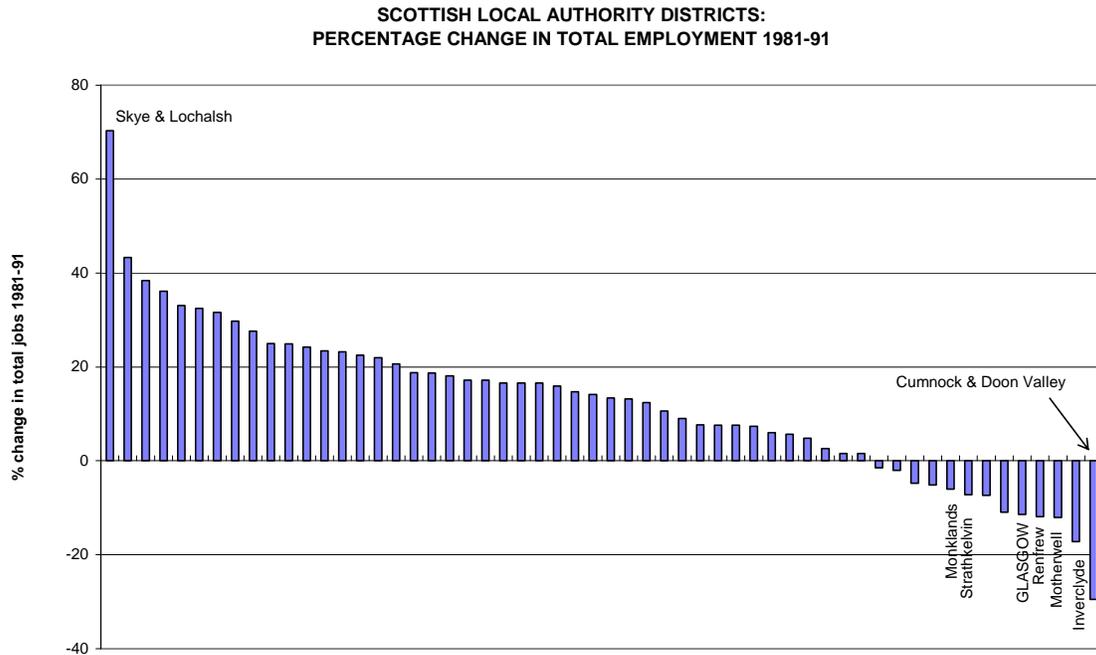
Source: Census 1991, Key Statistics for Local Authorities

Figure 4



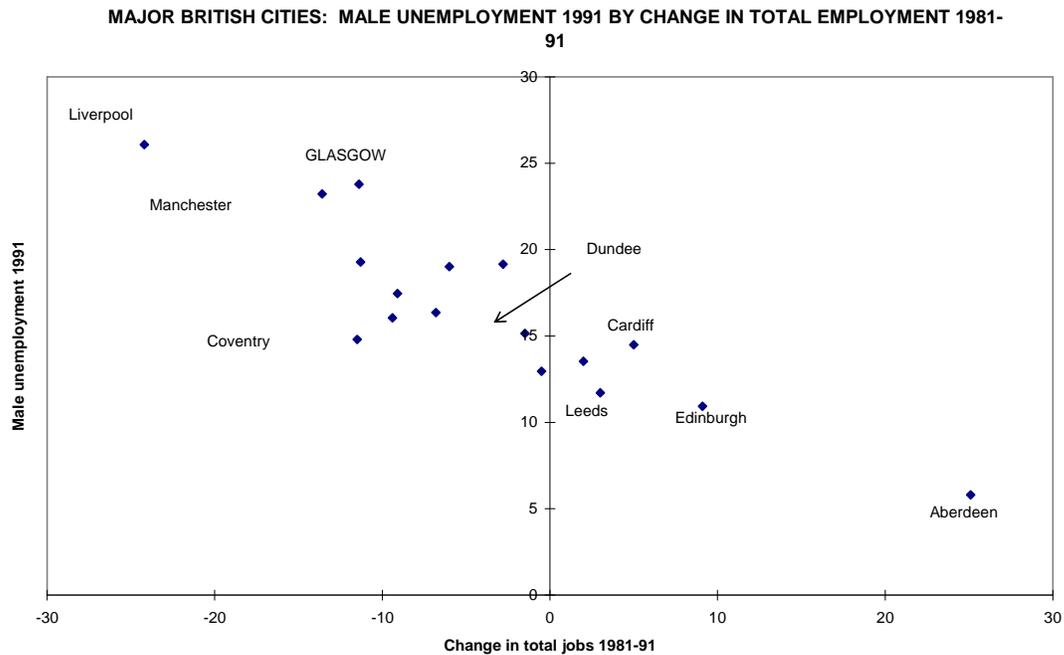
Source: Census 1991, Key Statistics for Local Authorities

Figure 5



Source: Census Workplace and Transport to Work Scotland, 1981 and 1991
 Note: There was a slight change in the coverage of the Census employment figures by workplace between 1981 and 1991, but not enough to affect the comparison significantly.

Figure 6



Sources: Census Key Statistics for Local Authorities, Workplace and Transport to Work