## **Contents**

List of Figures

List of Tables		Х
List of Contributors		xiii
Preface and Acknow	ledgements	xv
Foreword	Brian Reddaway	xvii
Introduction	Jonathan Michie	1
PART I. THE GLOBA	l Context	ç
1. Britain, The Un John Tove	nited States and the World Debt Crisis	11
,	: The Political Economy of Growth	33
	alisation and Deregulation	37
	and Laurence Harris : UK Monetary Policy in the 1980s ić	57
Ken Coutts and	Balance of Payments Matter Any More?  Wynne Godley	60
Payments	: The Re-emergence of the Balance of Constraint Combie and Tony Thirlwall	68
PART II. GOVERNME	nt Policy and Structural Change	75
	ty Miracle', Profits and Investment	77
Andrew Glyn Comment Ciaran Di	: A Legacy of Capital Shortage river	88
5. Thatcherism an Paul Dunne and	d the UK Defence Industry d Ron Smith	91

viii

⁄i	C	Contents
1	C	Contents

		Contents
	Comment: Conversion and Economic Restructuring John Lovering	112
6.	Barry Moore	115
	Comment: The Legacy in the Inner Cities lain Begg	137
7.	Ron Martin and Peter Tyler	140
	Comment: Market Failure in the Regions Michael Chisholm	168
Par	RT III. THE CHANGING LABOUR MARKET	171
8.	Labour Law and Industrial Relations Simon Deakin	173
	Comment: Collective Rights William Brown	191
9.	Inflation Policy and the Restructuring of Labour Markets Jonathan Michie and Frank Wilkinson	195
	Comment: Demoralisation and Mobilisation Roger Tarling	218
10.	Changes in the Labour Market and the Psychological Health of the Nation Brendan Burchell	220
	Comment: Public Welfare Ray Jobling	234
11.	The Legacy for Women's Employment: Integration, Differentiation and Polarisation	
	Jane Humphries and Jill Rubery Comment: Cause for Optimism?	236
	Francis Green	255
Part	THE ECONOMIC AND FULITICAL LEGACY	259
12.	Government Spending and Taxation in the Thatcher Era Bob Rowthorn	261
	Comment: Government Policy and Company Profitability Paul Ormerod	293
13.	Big Business, Small Business and the 'Enterprise Culture' Alan Hughes	296
	Comment: Enterprise Culture—Two Visions Michael H. Best	312

Conte	ents	vii
14.	Industrial Prospects in the Light of Privatisation Ben Fine and Clara Poletti	315
	Comment: The Industrial Policy Legacy Malcolm Sawyer	330
15.	The Development of Labour Policy, 1979-92  John Eatwell	333
	Comment: An Agenda for the 1990s Will Hutton	340
Not	es	343
Ref	erences	347
Inde	ex	358

## List of Figures

3.1.	The current account and its main components 1965–1991.	
3A.1.	The economic growth-balance of payments trade-off 1968–1989.	63 69
4.1.	Manufacturing productivity and output in OECD countries 1979–1989.	78
4.2.	UK and OECD wage share in manufacturing 1973–1987.	
4.3.	Manufacturing investment and profits in OECD countries 1979–1988.	83 86
4.4.	Percentage increases in investment by sector in OECD countries 1979–1989.	87
4A.1.	Real unit labour costs, capital productivity and profitability in Europe 1960-1990.	89
5.1.	UK military spending as a share of GDP 1075-1000	94
5.2.	1980–1990.	95
5.3.	Defence share price relative to FT All Shares Index 1981-1991.	100
5.4.	Defence share price of individual companies relative to FT All Shares Index 1981-1991.	101
5.5.	Profits/sales ratios for defence companies and for all companies 1981-1990.	102
6.1.	Changes in population of working age grouped by type of area 1951-1981.	118
6.2.	Changes in total employment by type of area 1951-1981.	119
6.3.	Unemployment rates by type of area 1951–1981	119
6.4.	The process of cumulative decline in the inner city	122
6.5.	inner city policy in the 1980s.	124
6.6.	Public expenditure on main DoE inner city programmes 1979–1980 to 1992–1993.	127
6.7.	Public expenditure on urban and regional/industrial policies 1979–1980 to 1992–1993.	128
7.1.	The map of regional aid 1934–1988.	145
7.2.	Regional and urban policy expenditures 1945-1946 to 1990-1991.	150
7.3.	The changing strength of regional policy: IDC refusals as a percentage of approvals plus refusals in the Midlands and South East 1950–1980 in terms of associated employment.	151
7.4.	Investment incentives 1950–1988.	151

List of I	Pigures Pigures	iz
7.5.	The Regional Employment Premium: index of real value of payments 1950-1977.	152
7.6.	Wages and cost of living in the South relative to the North of the UK 1979-1989.	155
7.7.	Manufacturing investment in the Development Areas as a percentage of UK investment 1951-1988.	157
7.8.	Employment in the South East as a proportion of UK employment 1965–1990.	162
7.9.	Location of new and growing sectors in the UK.	164
7.10.	Actual minus expected employment in the North 1950–1989.	165
7.11.	Growth of employment in the North relative to UK employment growth 1951–1990.	160
7.12.	Regional unemployment disparities in the UK 1965-1990.	167
9.1.	Annual increases in earnings, prices and in prices and taxes 1975–1990.	196
9.2.	UK unemployment and percentage change in nominal earnings 1975–1990.	203
9.3.	UK unemployment and percentage change in real earnings 1975–1990.	203
9.4.	UK unemployment and percentage change in net real earnings 1975–1990.	204
9.5.	Percentage changes in UK manufacturing productivity, product wages and real unit wage costs 1977–1990.	207
9.6.	Earnings and retail prices January 1990-July 1991.	216
12.1.	OECD general government outlays as a percentage of GDP 1969–1989.	262
12.2.	General government outlays in the European Community as a percentage of GDP 1969-1989.	263
12.3.	UK general government expenditure and revenue as a percentage of GDP 1965–1990.	264
12.4.	UK long-term pre-tax interest rates 1973–1979.	265
12.5.	UK consumption and gross domestic product 1970–1990.	269

UK government and private consumption 1970-1990.

UK direct taxes and Social Security contributions as a

General UK government outlays and GDP per head in

Profits (net of stock appreciation) as a percentage of GDP

Gross domestic UK capital formation 1979-1990.

Top marginal OECD income tax rates 1988-1989.

percentage of personal income 1988.

270

271

281

283

290

294

12.6.

12.7.

12.8.

12.9.

12.10

12A.1.

1989.

1963-1979.

## List of Tables

1.1.	Terms of trade 1979-1990.	40
1.2.	Developing countries' external debt and debt service	19 25
	payments.	23
1.3.	Developing countries' external debt by type of creditor.	26
1.4.	and GDP.	27
1.5.	Developing countries' ratios of debt service payments to exports of goods and services.	28
2.1.	Banking centres' shares of international lending 1975-1990	46
2.2.	1990.	47
2.3.	Foreign exchange turnover in 1986 and 1989 in London, New York and Tokyo.	47
2.4.	Major stock exchanges' equity turnover in 1990	48
4.1.	Labour productivity growth 1960–1989	78
4.2.	Distribution of UK manufacturing productivity growth 1979–1989.	80
4.3.	Gains and losses from restructuring of UK manufacturing industry.	82
4.4.	Distribution of UK deep-mined coal productivity growth 1982–1990.	84
4.5.	UK investment and capital stock growth 1979-1989 (% increases, 1985 prices).	85
5.1.	Performance of a sample of 17 defence companies in 1006	100
5.2.	Sales of major European arms producers in 1989	104
6.1.	unemployment 1951–1981.	117
6.2.	Sectoral employment change in inner cities 1951_1991	120
6.3.	1990–1991.	126
6.4.	Cost/benefit ratios: package of benefits accruing from £10 000 of net additional public sector expenditure on Task Force projects.	133
7.1.	Relative job shortfall, migration and unemployment 1951-1981.	142
7.2.	Government expenditure on regional industrial policy 1961–1962 to 1992–1994.	149
7.3.	Regional indices of unit labour costs 1974_1988	157
7.4.	Estimates of regional balance of payments in 1980 and 1987.	157 157

List of Tables		хi
7.5.	Regional trends in self-employment 1979–1989.	159
7.6.	Business formation by region 1981–1989.	160
7.7.	The 'North-South divide' in employment growth 1979-1990.	162
7.8.	The importance of industrial structure in manufacturing employment growth in Development Areas 1952–1989.	164
8.1.	Strikes and industrial stoppages in the UK 1960-1990.	176
8.2.	International comparisons of strike activity 1978–1987.	177
8.3.	Trade union membership and density in the UK 1979–1989.	180
8.4.	International comparisons of trade union density 1970–1988.	181
8.5.	Annual growth in compensation per employee in selected OECD countries 1977–1992.	184
8.6.	Annual growth in unit labour costs (business sector) in selected OECD countries 1977–1992.	185
8.7.	Labour productivity in the UK 1980–1991.	185
8.8.	Unemployment rates in selected OECD countries 1980–1990.	187
8.9.	Employment growth in selected OECD countries 1980–1992.	189
9.1.	Manufacturing, materials and fuels, and import prices 1978–1990.	206
9.2.	Annual rates of growth of earnings at different points in the earnings distribution for manual and nonmanual workers 1979–1989.	209
9.3.	Average annual rates of growth of earnings in selected sectors 1980–1990.	210
9.4.	Shifting 'internal terms of trade' in manufacturing and in finance and insurance 1980–1990: ratio of wages to those in distribution, hotels and catering.	213
10.1.	Percentage of job transitions involving moves to less- skilled jobs by whether the transition was contiguous or involved a period without employment.	233
11.1.	Private household population by economic status in Great Britain 1983–1990.	238
11.2.	Contributions to changes in employment by sex and marital status 1983–1990.	239
11.3.	Percentage of women of working age working full time, part time and unemployed 1983-1988.	240
11.4.	UK employees in selected industries, June 1983 and September 1989.	242
12.1.	UK public sector net financial liabilities 1975–1989.	265
12.2.	UK general government consumption 1979–1990.	268
12.3.	Percentage earnings changes of selected groups 1972–1990.	273
12.4.	Education and health: real per capita spending in the European Community.	274
12.5.	Employment in the National Health Service 1971-1989.	275
12.6.	Selected education statistics for the public and private sectors 1971–1989.	275

Selected UK Social Security benefits 1964-1991.

278

12.7.

xii	
All	List of Tables

12.8.	UK government revenue 1979-1990.	280
12.9.	Pre- and post-transfer economic distance poverty rates at the end of the 1970s.	283
12.10.	Percentage of persons in households in bottom quintile of UK equivalised disposable income 1979–1988.	284
12.11.	Percentage shares of original, disposable and post-tax income by quintile groups of households 1979–1988.	285
12.12.	Hypothetical general government expenditure in 1990.	287
13.1.	Industrial support and support for small and medium-sized enterprises in selected countries 1986.	300
13.2.	Support for small and medium-sized enterprises in the UK and Germany 1988-1989.	301
13.3.	Unemployment and self-employment in Britain; businesses registered for VAT in the UK; 1979–1989.	302
13.4.	Changes in the employment size distribution of UK businesses 1979–1986.	304
13.5.	Number of enterprises and shares of output and employment by size of enterprise for UK manufacturing 1979–1988.	306
13.6	Employment, net output and net output per head by size of enterprise for UK manufacturing 1979–1988.	307
13.7.	Employment and output shares by size of enterprise in UK manufacturing 1935–1988.	308
13.8.	Acquisitions and mergers by UK industrial and commercial companies 1969–1989.	310