

**Section Four:
INFORMATION AND
COMMUNICATIONS**

**15.
The printing
industry**

[Two Images removed at request of London Metropolitan Archive as a condition of digital distribution.]

Machine minder operating a four colour litho press in Southwark, one of the main centres for the general print sector in London. Improvements in technology mean that a machine of this size can be operated by one skilled minder.

Photo: Neil Martinson

The printing industry

Summary

1. Printing is one of the oldest manufacturing industries in London, and in spite of decline remains one of the largest. Most of the industry is strongly tied to London, though there still remain some parts which face pressure to relocate outside. New technology is leading to job loss and is changing the nature of jobs in the industry, with much deskilling. It is also enabling an increasing amount of print to be carried out in small units with poor working conditions, while at the same time increasingly integrating the print industry with office work, the media, telecommunications and data processing industries. All these trends are tending to weaken the role of workers and unions within the industry.
2. The GLEC and GLEB are aiming to intervene in the printing industry in ways which show how the industry could provide better quality jobs for all its workers. There are three types of change that we want to demonstrate.
 - (a) strengthened organisation of workers within subsectors of the industry where this organisation is weak or weakening. This is to be achieved through investment in:
 - (i) subsectors where organisation is weak and employment conditions poor, but where strong commercial possibilities exist. GLEB-funded enterprises will show how conditions can be improved in these subsectors;
 - (ii) subsectors where investment is largely taking place away from London in order to obtain less well organised labour, but where possibilities exist for bringing new investment to London;
 - (iii) printing co-operatives.
 - (b) ways in which opportunities for women and black people can be improved within the industry. This is being done through:
 - (i) investment in subsectors where conditions are generally poor, since these employ a higher-than-average proportion of women and blacks;

- (ii) investment in co-operatives, since these give particular opportunities for women and blacks;
 - (iii) reaching agreements with workers and management in enterprises that receive GLEB aid to enable workers in the less skilled jobs to train for, and transfer to, more skilled work and to set targets for recruitment of women and black people;
 - (iv) developing careers advice in schools and training schemes to encourage and enable more young women and black people to enter the industry.
- (c) ways in which new technology can be used to create better rather than worse jobs. When GLEB invests in printing firms, it wants the new equipment to develop skills rather than destroy them, enable jobs to be as varied and interesting as possible, and to strengthen labour organisation rather than undermine it. GLEB is looking at how existing technology could be better used in these respects, and whether it is possible to develop new systems that are better than those currently on the market.

It is anticipated that successful investments along these lines will provide a model which can be taken up in other firms by workers and management and strengthen the basis on which workers can organise. GLEB is planning its investments on the basis of these aims. It is not planning to invest simply in order to increase the competitiveness of a few firms, or simply to show to the London industry how to increase its competitiveness.

The importance of the London printing industry

15.01 The paper, printing and publishing industry is now the largest manufacturing industry in London in the standard classification. In 1981 it had 118,000 employees, 3,000 more than electrical engineering. London is by far the largest single centre of the industry in the country, with a quarter of all the industry's employment located in the capital. In some sectors of the industry this concentration is even higher: 40% of national employment in newspaper and periodical printing and publishing is in London, including the great majority of employment in national newspapers, and the majority of employment in many types of business print is still located in the city. The importance of the industry to London is partly a product of its slower than average rate of decline; during the 1970s employment in printing and publishing declined at less than half the rate of London manufacturing as a whole.

15.02 It is not only the industry's size that gives it its importance. Printing and publishing are important parts of the information producing sector that link into many other parts of the London economy and London society. This information sector is currently being restructured in ways that redefine the relation between printing and publishing and other core sectors of the London economy. The restructuring of the industry therefore has important implications beyond its own boundaries, as these increasingly verge on the sectors of office work, information technology and telecommunications.

The current crisis in the printing industry

15.03 The printing industry is currently going through a process of radical restructuring which poses severe problems for labour in the industry. Three central aspects of the situation may be singled out. First, a crisis of profitability has been developing over the last decade and has been exacerbated by the current recession. This is leading to cuts in capacity and threatens enterprises, including major ones, within both newspapers and general printing. This could lead to further concentration of ownership which is already extremely high in some subsectors.

15.04 Secondly, printing firms are introducing major changes in production technology to increase labour productivity and decrease turnaround time. These depend on and result in the break up of the existing organisation and influence of labour within the industry. The very large increases in productivity which could be realised in all stages of print production by new technology threaten an acceleration of job losses. Moreover, the new technology radically changes the skill structure of the labour force. A large degree of deskilling is involved, but there is also the creation of new skills. These changes have already enabled the employers in general printing to abandon the traditional

system of training and recruitment over which the trade unions had a large degree of control. They also make it easier for capital to employ groups of workers new to the industry, facilitating movement of production from traditional centres of the industry like London.

15.05 A third major issue is the erosion of the boundaries between the printing industry as traditionally defined and other sectors of the economy. The boundary between typesetting in print firms and word processing in offices is disappearing. There is the possibility of journalists and editors in newspapers and publishing houses inputting material in a way that by-passes the typesetter. In both business printing and in newspapers there are new possibilities for using telecommunications for transmitting copy and images for printing. While this may lead to centralisation of some functions within London, the major outcome is likely to be decentralisation of whole stages of production. This 'technical' integration of printing with other parts of the economy has been one of the factors leading to an increasing integration of the ownership of the printing industry with that of the electronic media, of the leisure industries and of the data processing/telecommunications complex. As a result of this concentration of ownership, labour in printing faces increasingly powerful and flexible capital. This is clearly the case with major companies involved in printing in London such as the British Printing and Communications Corporation.

15.06 New technology has a tendency to divide the industry into two extremes. At one end, it involves highly complex and expensive machinery with high productivity and huge capacity over long print runs. Here workers are under pressure over their skills and their jobs. The enormous capacity of the new large machines means closure of older plant and concentration of production onto fewer plants — and fewer jobs. This is a further factor in the centralisation of ownership in the industry.

15.07 At the same time, developments in technology have made it possible to carry out short runs of work on relatively cheap and simple machinery. This has led to a rapid growth in the number of small printing units. It is difficult for the unions to organise in these units not only because of their small size but also because the relatively low level of skill required enables employers to side-step the traditional system of supply of skilled labour by the unions. Thus an increasing proportion of print in London is being carried out in small units outside the union structures of the industry, especially in instant printshops, and in in-house printing units within major offices. Together with the blurring of the boundaries of the industry just noted, this poses tremendous problems for coherent organisation of labour. Meanwhile, medium-size printers are being competitively squeezed between the two extremes.

History of the London Industry

15.08 London has always been, and still remains, the major single centre of the print industry in Britain. Considered over a time-span of hundreds of years,

this has been essentially because the people who commission work from the industry (who we may call its 'clients', and who are sometimes different from its ultimate consumer) are concentrated in the capital. We can make a distinction here between 'business print', which is consumed within firms and other organisations, and 'consumer print', consumed by individuals. On the business printing side, London is not only the national centre of business and government but also a major international financial and commercial centre. On the consumer print side, London is the national centre of cultural production, including publishing of all kinds from the popular to the esoteric. The London industry has benefitted directly from the massive expansion of demand for both business and consumer print during the 20th century.

15.09 However, for over a hundred years there has been a process of decentralisation of parts of the industry away from London. This has occurred both by firms shifting their production out of London, and by a shift in contracts placed to out-of-London firms because of their lower prices. The precise advantages of locations in parts of Britain outside London have varied between different parts of the industry and different periods, but in general the advantages have been: lower costs of premises than in London, given the usually high land prices of London over the whole period; a somewhat less well organised and militant workforce — though over the last hundred years the industry has been unionised throughout the country; and lower wages, reflecting the ability of the strongly unionised labour in London to obtain compensation for its higher living costs. Recently, decentralisation has moved beyond the national boundaries and has reached the Third World, motivated by very much lower wage costs and weaker union organisation.

15.10 To list these advantages of decentralisation for capital, however, is only to tell part of the story. Changes in the method of production have been necessary to enable firms to free themselves from their previous ties to London. These ties have been of three kinds: to the supply of skilled labour in London, to the concentration of 'clients' in London mentioned above and to the national system of distribution centred on London. Let us look at these in turn.

1. The supply of skilled labour

15.11 The geographical mobility of capital in the industry has always been constrained by the skilled labour force needed for nearly all stages of production and the consequent ties to traditional concentrations of skilled labour. Nevertheless, capital has sought to free itself from this constraint by using new production technologies to lessen or to change the skills needed. This can be done by dividing up the work into separate tasks each of which is potentially subject to new machinery and/or relocation.

15.12 This has been a constant feature of the industry since the mid-19th century. Thus in the 1890s a witness to the Royal Commission on Labour was asked:

'But the trade has undergone great changes, has it not, in recent years through improved machinery?' The answer was: 'Yes, the tendency has been to divide it into departments far more than it used to be formerly. Apprentices are not taught now the whole trade as they used to be taught. They are only taught one portion of it.'

In this way the mechanisation of the press stage was used to move book printing out of London during the second half of the 19th century.

15.13 However, in the past, workers in the industry have been partly able to counter this strategy by fighting for the right to be retrained for and employed on the new technology. This was so with the successful struggle around the turn of the century for the employment of existing manual typesetters on the new mechanised Linotypes and Monotypes. Together with the agreements over recruitment and training secured by the unions, this has inhibited the shift of the industry from London. However, the new technology available to firms now gives them greater means by which to deskill and to decentralise than ever before (see below).

2. The buyers of print

15.14 The market ties that initiate and end the printing process operate in different ways for consumer and business print. For business print, the material is originated by the client and is also, in the great majority of cases, returned to the client for any subsequent distribution, as for company accounts, for example. In this case, then, there is a tie to the client for the transport both of the copy and of the final product. In the case of consumer print, as in newspapers and magazines, the tie to the client only operates for the input of the copy, since the product is generally distributed directly to the consumers.

15.15 These ties usually operate as constraints on the time taken to transport the copy or print, rather than the expenses of this transportation. Thus the tie to the client has operated to keep printing production in London only for work which requires a very fast turnaround time. This is true for much business print. In contrast, most consumer print has a slow turnaround time, apart from newspapers and, to a lesser extent, magazines and some types of advertising material. This has been one factor enabling the decentralisation of much consumer print from London since the mid-19th century. The publishing operations commissioning this work, however, generally depend strongly on face-to-face contacts within the cultural industries of London and have therefore been much more resistant to decentralisation. The relation to the customer is now being revolutionised, in both business and consumer print, by the new communications technologies (see below).

3. The distribution system

15.16 The difference in the distribution pattern of the finished product just mentioned between consumer and business print has meant that these two

sectors relate in different (in fact almost opposite) ways to the goods transport system centred on London. In business print the great majority of work is returned to the (single) client. The transport system has therefore tended to enable the less timely work for London clients to be decentralised. (It has also enabled London printing firms to tender for business work from provincial business, but this is less important because of the concentration of national business work in London.) Conversely, in consumer print the national transport system centred in London tends to tie a large part of production to the capital. This is so for national print consumption where deadlines are tight; until recently this has been the case most clearly for the national press and also for some periodicals. Once again, technology is currently being used to attempt to weaken this tie.

15.17 With the incentive of lower costs and the means provided by technological change, firms have decentralised successive parts of the industry from London. Book printing was moved to other parts of Britain during the 19th century, and since the war an increasing part has been moved abroad. A large part of periodical printing had also moved out of London by 1900. The gravure production of magazines in volume was set up in Watford in the interwar period (though in this case there was an important element of 'push' in that the LCC would not allow the then noxious gravure process within its boundaries). The volume printing of brochures and advertising material has tended to move out of London and increasingly out of Britain since the war. Since the 1960s much of the less urgent business work has also been decentralised, mostly to other parts of south east England.

The current structure of the London industry

Products and types of firm

15.18 As a result of these historical changes, London printing now has the following principal components, classified by type of product and ownership of the enterprise:

- (a) Printing and publishing of *national newspapers and the local press*. This is the only substantial part of consumer printing left in London. Ownership is highly concentrated. The national press is at the moment still geographically concentrated in the Fleet Street/Holborn area. However, the majority of the printing of local (borough) newspapers is done outside London.
- (b) *City printers* specialising in overnight and fast turnaround work for business and government. These are medium sized firms, though many are now subsidiaries of large companies. They are also geographically extremely concentrated, around the eastern and southern fringes of the City and West End.

- (c) *General printers*, doing a variety of business work and short run or urgent advertising material. These are small or medium enterprises (though many of the medium sized firms operate from more than one site). However, some of the larger general printers are subsidiaries of more diversified companies, while some of the instant print shops (the most important group of small establishments in this category) are owned or franchised by large print or print machinery firms, rather on the pattern of retail ownership. General printers are specialised in terms of the type of production equipment that they have. Geographically, they are rather more diffused than the previous two categories though still concentrated around the fringes of the central area.
- (d) *Specialist printers* on both the business side (security printers of stamps, bank notes, etc.) and the consumer side (specialist or luxury packaging). These firms, of similar ownership pattern to general printers, serve national and international markets and therefore generally have rather weak ties to London. The substantial number that remain is possibly due to their ability, by virtue of their specialisation, to charge prices that offset the higher costs of London location.
- (e) *Contractors to the trade*. These are a large number of small firms which carry out particular stages of production on contract from other printing firms — typesetters, platemakers, finishers. Some of these trade houses do work for national as well as London markets: 50% of national turnover in graphic reproduction is said to be done in EC1 and EC2.
- (f) *In-house printing facilities* are concentrated in large central London offices but also in public sector institutions in other parts of the city. These generally do simple short run or quick turnaround work.

15.19 A very large part of the demand for print in London is generated by the public sector: central government, local government, the NHS, the utilities and public transport operations, and the headquarters of nationalised industries. Most of these organisations have in-house printing facilities, which, together with HMSO, constitute the public sector of print. However, most of their work, particularly high volume and high quality material, is contracted out.

15.20 In the printing industry there is a large amount of subcontracting of work between firms. This takes the form of:

- (a) firms taking on and subcontracting work which they are not equipped, or well equipped, to do;
- (b) contracting out specific stages of production for which the firm does not have equipment;
- (c) contracting out work to meet peak demand in excess of capacity.

Work coming from this source constitutes a substantial proportion of turnover

for many print enterprises. (It is, incidentally, one of the main means through which the numerous small firms in the industry have been unionised). Medium and large printing groups, containing firms or divisions involved in a variety of subsectors of print, benefit considerably from their ability to keep this work in-house and present themselves as a comprehensive print service.

The structure of the labour force

15.21 Available statistics allow us to make some estimates of employment in the categories just described. Both the Census of Employment and the Printing and Publishing Industrial Training Board (PPITB) provide sources. Unfortunately, they are not mutually consistent and do not allow a clear distinction between printing and publishing as separate activities. According to the Census of Employment for 1981, there were 38,200 workers in newspaper printing and publishing, 8,700 in periodicals, 4,100 in books and 52,900 in other general printing and publishing. These statistics differ from those given by the PPITB particularly where general printing is concerned. This can be seen from Table 1 which also shows an estimated breakdown between manual/non-manual labour.

Table 1: **Manual and non-manual employment in the Greater London printing and publishing, 1981 (estimated)**

	<i>Manual</i>	<i>Non-manual</i>	<i>Total</i>
National newspapers	12,765	16,920	29,685
Local newspapers	1,530	3,571	5,101
General printing, including periodical printing (and publishing in same establishment)	12,108	10,314	22,422
Other publishing	—	18,674	18,674
Other printing and publishing	1,027	4,107	5,134
TOTAL	27,430	53,586	81,016

Source: PPITB (1981). The manual/non-manual breakdown is estimated from the proportion in the various categories at the UK level.

15.22 There is a considerable number of printers in London not classified in the industry. The size of in-house print is indicated by the Labour Force Survey 1978 which gave 2,849 printers, or 10% of the London total, as employed in distribution, insurance and finance, miscellaneous services and public

Table 2: Printers in Greater London by Industry, 1979

Paper, printing and publishing	21,930
Other manufacturing	2,798
'Services'	2,849
All industries	27,577

Source: Labour Force Survey.

administration (Table 2). A further 2,798 are employed as printers in other sectors of manufacturing than paper and print, particularly textiles and 'other manufacturing' (presumably printing on plastic etc.) These numbers employed outside the printing sector proper actually understate the position, because they include only manual workers and because they refer only to employees resident in London.

15.23 It should be noted that, within the principal printing and publishing industrial groups only a minority of the employees are manual workers. Thus, using estimates from the national level, only about 43% of employment in the national press is manual, or 13,000 jobs in London, and 54% of jobs in general and periodical printing, or 12,000 London jobs. By comparison, the publishing and administrative side in London employs 17,000 in the national newspapers, 8,000 in periodical publishing and 8,000 in book publishing (see Table 1).

15.24 Women make up only a small proportion of the manual printing workforce in London (as elsewhere) — only 11% according to the Labour Force Survey (1979). There are virtually no manual women workers in the best paid manual jobs, those in Fleet Street. Women are better represented in non-manual areas, though here again, predominantly in the lower grades such as clerical. This distribution is reflected in the proportions of women in the main printing and publishing categories: only 14% in newspapers, but 32% in general printing and publishing, and 43% in periodical printing and publishing.

15.25 Black people have also been excluded from the industry in London. Among employees resident in London in 1979, people from households whose head was born in the New Commonwealth made up 8.4% of the total across all industries. But in general printing and in periodical printing and publishing this proportion was only 2.2%, while in newspaper printing and publishing the figure was too small to be given in published statistics (and certainly less than 1.2%).

15.26 The predominance of white male workers in the industry, especially in the skilled jobs, has followed from the recruiting practices. Membership of

unions and access to work is frequently by nomination and this leads to a situation where fathers effectively pass on employment to their sons or other male relatives. By the same token, recruitment by employers tends to be through informal contacts through existing employees.

15.27 The printing unions in London are strong compared with most others. But this strength varies enormously between different subsectors of the industry, from strongly unionised Fleet Street to completely non-unionised instant print shops. Plants with large scale, sophisticated equipment, especially those doing fast turnaround work, tend to be strongly organised, while smaller firms and plants doing intensively price competitive work like packaging tend to be weakly organised. The strength of the unions is also strongly limited by divisions within the workforce: between chapels in different plants (even within the same firm), between the ten SOGAT 82 branches in London and the London NGA, and between women and men. The historical degree of control of the unions is being eroded using technological change, and the weaknesses of the unions are being sharply exposed by the recession.

Wages in London printing

15.28 In general printing average manual wage levels nationally are considerably above the manufacturing average, due to the high level of skills, relatively strong unionisation and traditional form of recruitment to the industry. In this sector, London wages are higher than outside London. The degree of unionisation in numerical terms is not substantially less outside London than within it. But the longer tradition of organisation in London, the overall tighter labour market, and possibly the upward pull from the wage levels in newspapers, have enabled workers in general printing in London to obtain considerably higher wages than outside, on average more than offsetting the higher costs of living in London. Formally, wages are set by reference to a nationally negotiated minimum wage, which in London is augmented by a small London weighting (around 5%). But firm by firm bargaining means that London wages are nearly always well above this level, whereas many firms outside London pay wages at or near the minimum wage. But it should not be imagined that this means high wages for all London print workers. In the non-unionised or weakly unionised plants wages are low, and many unskilled or semi-skilled jobs are poorly paid.

15.29 Manual wages in national newspapers are much higher than in general print, due mainly to the sensitivity of newspaper production to industrial action, but also partly to the unsocial hours and the fact that manual wage costs constitute a much smaller proportion of total costs in newspapers than in other branches of the industry. Manual wages are approximately two to four times higher in Fleet Street than in the general trade, the highest wages generally being under the old piece rate agreements (the London Scale of Prices) still operating in some papers.

Employment change since 1970

15.30 Since the advent of electricity-based communications, the demise of print has been frequently predicted. Certainly, some of the functions performed by print have been replaced by radio and TV, and more are likely to be replaced by transmission of digitised information by telecommunications. But during the 1970s sales of print remained buoyant. Sales of newspaper and periodicals rose by 20% between 1970 and 1979 (though sales of national newspapers declined), while those of general print rose by 26%. However, this was accompanied by a decline in employment. Part of the rise in sales was accounted for by increases in raw material prices, and productivity across the industry rose almost as fast as in the rest of manufacturing industry. The result was a significant decline of employment in newspaper and periodicals (7%) and a more rapid decline in general printing (12%; figures from the Census of Production).

15.31 The changes in the industry in London and the pressures towards decentralisation described earlier meant a more rapid decline of employment in London than nationally during the 1970s. However, the fall in printing and publishing was less than that in London manufacturing as a whole (17% from 1973 to 1978), partly due to the continuing ties of publishing and national newspaper printing to London. In newspaper and periodical printing and publishing taken together, London employment fell by 11% between 1974 and 1978, whereas nationally employment fell only a little. This partly reflects the weakness of the national press over the period compared with regional newspapers. In general printing and publishing London employment fell by 19% between 1973 and 1978, much faster than the decline nationally, and at a similar rate to London manufacturing employment as a whole.

15.32 Figures for London employment after 1978, however, show a very different pattern. At the national level there was stationary or slightly increasing employment in both general printing and in newspapers and periodicals between 1978 and 1981. London employment in these sectors, far from continuing its relative decline, actually maintained its level relative to national employment between 1978 and 1981. Thus these two sectors have slightly increased their employment in London, among the very few manufacturing industries to do so.

15.33 These figures obviously need to be regarded with suspicion. They are sharply contradicted, for instance, by a survey of 62 general printing establishments in London in which employment dropped by 24% between 1979 and 1981 (though this change excludes openings of new establishments). The apparent decrease or disappearance of the relative decline of London in printing in this period is, however, in line with that found in the figures for total manufacturing. As with total manufacturing, it is likely that an important part of the apparent relative strengthening of London employment in this period is due to an increasing proportion of administrative and head office employment. But it may also reflect the big decrease in the rate of relocations during the

recession, due to uncertainties in markets and shortage of investment funds. A survey in general print, for instance, found that 48% of employment decline in its surveyed establishments in 1976-9 was due to relocations out of the original borough, whereas for 1979-81 this had fallen to zero. It is clear that more information is needed on recent trends in employment in the London industry.

Current restructuring in the London printing industry

15.34 We have seen how the new uses of telecommunications and the possibilities of very cheap computing power are having profound effects on the printing industry. They will increasingly transform the form of what is printed: the production of regionally-tailored editions of national newspapers is an example. But it is unlikely that the new electronic forms of communication will displace the printed word and the printed image. On the contrary, the rise in the volume and value of print is likely to continue. Electronic publishing and direct transmission of data between computer memories are suitable means of communication for hard facts. But for persuasion, argument, entertainment and advertising, print has great advantages. It is likely to continue to be used for these purposes in business and, especially, as consumer print. In a society where the majority of people are effectively excluded from taking major decisions, the majority are not allowed — and for the most part do not 'demand' — enormous quantities of statistics. Even if this situation were to change, the demand for 'softer' types of information, to which printing is suited, would remain.

15.35 While the printing industry is not in the process of being superseded (in the way in which the cinema has been, for example), the problems faced by workers in the industry are nevertheless enormous. These problems take a particular form within London. The situations in newspapers and in general print are different, but perhaps not as different as might be imagined.

General print

15.36 The pace of continued decentralisation of less urgent work is governed by two contradictory economic pressures. The continuing crisis of profitability tends to shift production from London by making employers more sensitive to the disadvantages of London location from their point of view: higher wage and premises costs and the greater ability of the union side to obtain benefits in exchange for the introduction of new technology and to influence its form and timing. However, to the extent that this shift is carried out by means of investment in new production facilities outside London, the shift is inhibited by the current low levels of profitability and uncertain future profitability. Thus

there is likely to be continued and continuous decentralisation by means of rundown of production in London and its concentration on *existing* production units elsewhere. This type of shift is particularly hard for labour to resist even in multi-plant firms, since it means closure of the London plant 'in order to preserve the jobs' of workers outside London. Closure of London capacity associated with the opening of *new* capacity elsewhere is likely to take place only during upturns in the economy. When this type of shift takes place within a firm it is somewhat easier to resist or influence since the opening of the new production facilities generally requires the co-operation of the unions.

15.37 The increasing possibilities offered by new technology and the pressures of profitability will continue the shift of work out of the industry as traditionally defined: of keyboarding into offices, of printing to in-house printers from jobbing printers, and of the whole process from jobbing printers to instant print shops.

15.38 As is the case at the international level, the increasing possibilities for the electronic transmission of copy and images, whether raw, set or fully made up, has contradictory implications for the location of the industry, particularly the location of setting and page make-up. This technology enables the spatial separation both of originator from typesetting or reprographic office, and of the latter from the printing facility. On the one hand, this sets up a tendency to decentralisation from inner London and from London itself of setting, image processing and page make-up (to the extent that these remain separate from origination), since it is possible to transmit raw copy and to check the transformed material at a distance. Thus setting and make-up could be decentralised to be close to the press stage or even, using electronic transmission of the image, moved almost anywhere on the globe.

15.39 But there are also contrary tendencies. Electronic transmission enables concentration of specialised typesetting, reprographics and make-up to obtain economies of scale in the use of sophisticated new equipment and the specialised labour to operate it. London is a good contender for this kind of work, due particularly to its existing skilled labour and specialisation in complex types of print (e.g., City printing). Furthermore, the massive increases in productivity enabled in this stage of production by the new technology means that total costs are much less sensitive to geographical variations in the costs of labour and (particularly) space.

15.40 Thus in the pre-press stage the net result of the contradictory pressure from the new technology is likely to be a further sharpening of the long term trend towards specialisation in London and decentralisation of more routine work. This is likely to intersect in a particular way with the changing sexual division of labour. Decentralisation of less specialised parts of the pre-press stage, especially where it involves setting up new production facilities, use more female labour; specialised work maintained or newly centred in London will tend to remain a male preserve, unless countervailing action is taken.

15.41 The enormous speed and capacity of the new pre-press equipment is

tending to lead to overcapacity and very sharp competition, particularly between the trade houses. Quality of work and the ability to offer a comprehensive service, including design, are becoming increasingly important for survival.

15.42 Technological change affecting the press stage is likely to have a similar but distinct dynamic. Electronic transmission of images may enable further decentralisation, although this is limited by the need to return the printed products to the client in most parts of general print now done in London. On the other hand, the ever increasing capacity of printing machinery will tend to lead to concentration of production, and this will be increased, particularly in specialised areas, by the ability to serve national and international markets more easily by means of electronic transmission of images. This will tend to lead to concentration into fewer production units at the local, national and international level (depending on the market). This trend does not disadvantage London plants as such. But the differentiation in profitability and efficiency between London firms and plants will become more crucial to their chances of survival. Alongside technical change within each major type of printing process, there are also shifts in the relative weight of each of these major types. Letterpress, for example, is expected to continue its decline, litho to maintain its present share, while flexography and gravure are expected to grow in importance. There appear to be contradictory trends in the degree of specialisation. Some medium and large firms are specialising in particular processes and markets, others are attempting to use the degree of flexibility of the new technology to serve a wide range of markets.

15.43 The abandonment of the traditional system of apprenticeship in the industry by the employers has resulted for them in problems of labour recruitment, in spite of the long term decline in employment in the industry in London. In a survey of managers of general print firms in London in 1979, 57% said that they had experienced difficulties in recruiting skilled labour at the wages offered over the previous three years, and 19% said that they had had a permanent shortage of skilled workers as a result. The difficulty of recruitment appears to have been particularly acute for workers with skills in new technologies. With the recession and rising unemployment in the industry, these problems had almost completely disappeared by 1981. But the underlying problem remains. The scrapping of the Printing and Publishing Industry Training Board by the government has resulted in a deterioration in the standard of training carried out in firms. We can expect renewed skill shortages in the next upturn of the economy.

15.44 Employers in general print have used relocations and openings of new production facilities within London as a means of increasing their leverage over labour, particularly over the terms of introduction of new technology. The threat of a total move, or the reality of a partial move, to new or existing plants may be used to pressure the firm's workers into accepting technological change on the employers' terms. In opening new production facilities with a new or partly new workforce it is often easier for the employer to obtain agreement to different working practices. Because these moves remain within London they

do not pose problems for the firm in relation to its markets. The use of these tactics, as well as the wish of many owners to keep each of its plants small in order to limit labour militancy, partly explains why many medium sized firms in general print have more than one plant within London. Resistance of labour to these tactics clearly requires close inter-plant co-ordination.

15.45 This is important because unionisation is falling in the London sector of the industry. Between 1979 and 1982, SOGAT 82 has lost almost 5,000 or over 15% of its membership and the NGA lost almost 2,000 or 5% of its membership. This has taken place at the same time as the *total* numbers employed in the London industry, according to the official statistics, have started *stabilising*. The clear implication of these figures is that the number of non-union printers in the industry has grown rapidly.

15.46 The growth of non-unionised employment is especially associated with the introduction of small offset litho and 'strike-on' typesetting, which have deskilled the work and enabled employers to sidestep the union-controlled supply of skilled labour. The major locations of non-unionised employment are the rapidly growing instant print sector and the in-house sector (where most workers are non-unionised or in non-printing unions).

Fleet Street

15.47 The strong defensive organisation of labour in Fleet Street has meant that management has as yet only been able to make changes to technology and the organisation of work very slowly. Several papers have not introduced phototypesetting though it is now used in nearly all regional newspapers. Direct input has not been introduced (in the UK it is in fact only in operation in the *Nottingham Evening Post*). The line of attack of the employers at present seems likely to come through the following tactics:

- (a) Decentralisation of printing from London, weakening organisation of labour at the press stage by fragmenting it and also reducing distribution costs. Such decentralisation is not, of course, entirely new. As early as the 1900s the *Daily Mail* started printing in Manchester as well as London, using private wire transmission of news stories: in the interwar period most other national dailies followed suit. Subsequently, however, some of the papers concentrated their production once more in London, to obtain economies of scale.

The new possibility of facsimile transmission of the image, however, allows economies of scale to be maintained at the pre-press stage while decentralising printing and distribution and opening the possibility of regionally-tailored editions. This would mean the disappearance of the majority of manual jobs in the national papers from London.

- (b) Another possibility is the sidestepping of strong union organisation by the classic tactic of sub-contracting. This is what lay behind Robert Maxwell's plans to set up a new plant to do contract printing of newspapers in docklands, before his purchase of the Mirror Group.

- (c) Just as in general print (see above), the employers may try to use short distance moves as a mechanism for changing working practices. The move of the *Daily Telegraph* to the Isle of Dogs, and the possible moves of News International, the *Daily Mail* and *The Guardian* to Docklands, may have this motivation as well as the obvious capital gains to be made on the sale of the Fleet Street sites.

Apart from qualitative change in the industry, the major threat to labour at present comes from the continuing decline in sales and the danger this poses of further cuts in staffing and, particularly, of complete closure of one or more papers (the most likely at present appearing to be the merger of the *Daily Mail* and the *Daily Express*).

Local newspapers

15.48 The major current change in the local newspaper sector comes from the spread of *freesheets*. These represent an attempt to keep the small ad market by boosting circulation at the expense of sharp reductions or virtual elimination of journalist staff. Many of the *freesheets* have been set up outside the established union structure of the industry and threaten to undercut the organised, paid-for press. The multiplying of competing free papers and magazines has increased the demand for printing facilities, though there may be a shakeout in the future as the *freesheet* market matures. As with the traditional local press, nearly all this printing is done outside London.

Strategy and proposals

General principles

15.49 It is apparent that the London printing industry is extremely differentiated — by subsectors, by use of and potential for new technology, by the degree of subcontracting, by the pressures for relocation and closure and by the extent of trade unionism and labour control. Nevertheless, the GLC/GLEB sector strategy can be informed by certain general principles.

15.50 Very little of the contemporary London printing industry is in subsectors where there is international competition. Much of the work is effectively tied to London so that competition is solely or primarily confined to London firms or plants. Nearly all the remainder of the London industry competes with other parts of the UK (especially the south). It is not, therefore necessary to intervene to guarantee the survival of the London industry in the face of international competition, as in many other manufacturing sectors. Nor is it part of GLC/GLEB policy purely to strengthen the London industry, or parts of it, to enhance its competitiveness against the industry outside London.

15.51 Because the industry's existence is assured, the GLC/GLEB policy can be directed towards improving the quality of employment, especially in the areas of labour's control, equal opportunities and the use of technology. These issues are discussed in the next sections.

15.52 This is not to deny the importance of commercial viability. The aim of improving the quality of employment will be pursued via investment in London plants. Any intervention made by GLEB or the GLC must have, or have the potential for, a sound basis in the market as a necessary condition for success and durability.

15.53 This in part means recognising and rectifying poor management. This has been severely attacked in an international comparison of efficiency, published by the Printing Industries Economic Development Committee in January 1984. The study compared printing companies in the UK, Germany, Italy, France and the USA, printing books, travel brochures, advertising material and periodicals (i.e. the main subsectors in which some international competition exists). The report lays most of the blame for the British printing industry's lack of competitiveness on the shoulders of management which it describes as 'ill-trained' and 'cautious'. It says that ineffective marketing policies and strategic planning mean that British printers lag behind their overseas rivals:

The UK manager generally is cautious, not used to business planning, status-conscious and in our opinion, poorly rewarded for what he (sic) ought to be doing ... our middle and top print management positions are being filled with people who work hard but often ineffectively. Their effect on the recovery of many UK printing businesses is often misguided and minimal.

15.54 In addition, whilst 'sound' firms do not have to rely on GLEB for finance and even fight shy of 'interference', there is an important category of firms — pointed to by unions and employers — which are sound in production equipment and methods and marketing but which are experiencing financial difficulties. This can be the result of over-extended investment before the recession, bad customer debts, loss of a major customer or short term outlook on the part of banks. These are the type of firms with which GLEB can and will work.

15.55 The funds available to GLC/GLEB for investment in the printing industry are tiny compared with those available to London printing firms. How, then, can we hope to have a significant effect in improving the quality of jobs in the industry, in the ways mentioned above? The task of defending and improving the quality of jobs in the industry is, of course, primarily that of the trade unions. And this is the key to the usefulness and the success of the GLC/GLEB intervention. Investments made by GLC/GLEB aimed at improving the quality of jobs will need close collaboration with the unions if they are to succeed. If they are set in a context of trade union action, as part of wider campaigns, then they can have ripple effects beyond the enterprises in which

investment is made, by showing in practice what could be achieved more generally across the industry.

15.56 To show how this could work in practice, and how it has already begun to do so, we now look at what can be done around the three basic aims that were mentioned above.

Increasing the control of workers over their jobs

15.57 We have seen that the degree of control that printing workers have exercised over their jobs via union organisation is being eroded through a whole number of mechanisms. There are a number of ways in which the GLC/GLEB can play a part in combatting this trend:

- (a) GLEB can make investment in parts of the industry where the union are weak and wages and conditions are poor. The enterprises in which GLEB invests in these cases would offer favourable wages and conditions and allow access to the unions. To be able to do this while still being commercially viable is obviously easier in subsectors with high profitability than those with low, but in any case there must be a strong competitive strategy for the subsector and the particular enterprise. Suitable subsectors in which to carry out this approach are instant print, which is discussed below, and packaging. The existence of enterprises in the subsector with favourable employment conditions can then be used as an example, and a base, from which other enterprises can be organised.
- (b) GLEB can invest in parts of the industry where the unions are strong but which are growing outside London. There are a number of growth subsectors in the industry, where the new capacity is being installed outside London at least partly to avoid London's relatively strong union organisation. Growth of web-offset printing, discussed below, is an example of this. Through support, we hope to encourage greater investment in London in subsectors of this type. This depends on the market, particularly cost factors, not being too strongly against a London location and, again, on a successful subsector and enterprise strategy. In this way it is hoped to encourage the subsectors to grow with a well-organised workforce and good conditions of employment.
- (c) *Co-operatives* are one of the ways through which printing workers (albeit a small minority) have gained some control over their jobs. They have been an important way in which women and black people have gained entry to the industry. While there have been cases, especially in the past, when co-operative presses have undercut the wages and conditions of workers in the mainstream industry, most co-operators in the London industry are now members of the print unions, and it is this type of co-operative that GLEB is seeking to support. GLEB has already invested in a co-operative jobbing printer, Lithosphere, and in

Standard Bookbinders helped to form a co-operative to run the last volume bookbinder in London, and rescued it from closure.

As with other 'subsectors', it is important for the co-operatives to have a commercial strategy. There are many benefits that could be obtained from greater collaboration between the co-operatives. They could plan their investments to compete against each other as little as possible. They could share common marketing facilities, so that jointly they could offer a whole range of printing facilities in the same way that medium sized commercial print firms do. The London Co-operative Printers Association, formed by five of the larger printing co-ops, is beginning to co-ordinate these types of arrangements, and GLEB is giving financial support to the Association.

- (d) One way in which social control of print can be extended is through extension of public ownership, particularly where the public body controlling the printing unit is committed to workers' participation in running the enterprise. One of the features of the printing industry is the particularly anarchic competition associated with its fragmentation into a large number of relatively small firms which are not strongly differentiated from each other. As a consequence, even outside recession, workers are often made redundant as customers switch printing contracts between one firm and another. One of the advantages of public ownership in the industry is to avoid this practice.

A nationalised sector of the industry exists, in the form of HMSO. But the principal means through which the GLC can extend public ownership is through expansion of its own print department. This currently has an annual output of approximately £1 million, while approximately £2 million per year of printed material is purchased by the Council; the Council also has the power to supply print to certain other public bodies and to other local authorities. While certain of the Council's print needs are too specialised to be met economically in-house, there may well be scope for increasing the output of the in-house unit. Kent County Council, for example, meets 80% of its print needs in-house, partly by achieving economies of scale by supplying to a large number of other public bodies. The GLC is currently undertaking an investigation of this question, as part of its general review of municipal production.

One issue that needs to be tackled is that most municipal printing workers presently do not belong to printing unions, which tends to fragment the organisation of workers in the industry.

- (e) Approximately 50% of the GLC's print buying is done from London firms. The London print unions have pressed for more of this work to be brought into London. Not all the out-of-London work is in growth sectors, so implementing this policy would imply poaching jobs from elsewhere, which the GLC is opposed to doing. Facilities for some types of printing are absent from London; and the Council is legally

obliged to take the lowest tender, other things being equal. A scheme to give preference to London firms to the maximum extent allowed by law has been in operation for a year, but has diverted only one job to London. Expansion of municipal production is likely to be a better option.

15.58 With suitable planning, these different strands of increasing the control of labour over printing jobs can add up to more than the sum of the parts. One way in which this can be done is by GLEB enterprises and the co-operatives together to offer a range of printing facilities. This can tie in with the encouragement of sub-contracting between enterprises with a degree of social ownership or control, and encouraging progressive organisations and, to the extent allowed by legislation, local authorities to buy from these printing enterprises.

Combatting racism and sexism

15.59 Helping to strengthen the role of workers as a whole in the industry must go hand in hand in helping to strengthen the position of those groups of workers who have previously been marginalised within it, particularly women and blacks. This is important not only from the point of view of the rights of women and black people to good quality jobs, but also to overcome divisions which have weakened the ability of all workers in the industry to defend their interests.

15.60 Investment in subsectors which are weakly unionised, as already discussed, can play a part in improving the position of women and blacks within the industry, since these groups tend to be concentrated in subsectors with poor conditions. Instant print, for example, employs a higher than average proportion of women, and packaging a higher than average proportion of black people.

15.61 There are two main channels through which GLC/GLEB can directly influence the sexual and racial division of labour in the industry: through the procedures for recruitment and training; and through agreements on mobility and retraining of existing workers in the industry.

15.62 The experience of negotiating enterprise plans at Standard Bookbinders indicates that there is great potential for achieving progressive agreements in both these areas, with the agreement of the unions, which may then become models for negotiations in other enterprises. At Standard Bookbinders there was a clear demarcation between men and women, organised in separate SOGAT branches, with a large differential in wages between the two. At GLEB's initiative, an agreement has been reached where:

- (a) the differential in wages between the two main grades will be narrowed over the next three years, with each new wage agreement;
- (b) all workers will be trained to do both the skilled and the less skilled jobs;

- (c) the joint chapel will have control over the training programme and the movement of workers to new jobs in which they are to be trained; there will be equality of votes between men and women at each level of the joint union organisation.

While there was some opposition to these changes among the male employees, both the workforce as a whole and the union officers now support the arrangements.

15.63 While the opportunities exist for GLEB and the GLC to contribute to more equal opportunities within the industry, the processes involved are likely to be slow in taking effect, and the imbalance to be corrected is very large. All possible means therefore need to be used to this end. Enterprises funded by GLEB will be encouraged to negotiate agreements of the type at Standard Bookbinders, and the same will be encouraged in firms that are major suppliers to the GLC.

15.64 In addition to the recruitment practices of individual enterprises, a barrier exists to women entering printing by the industry's image as a male preserve. The Greater London Training Board is investigating the possibility of:

- (a) campaigns in schools, such as have been carried out for engineering and building, to encourage young women to consider entering the industry which they are likely otherwise to regard as male territory;
- (b) special tuition for young women for the exam to enter the apprenticeship programme;
- (c) special women-only training courses, or quotas of places for women.

Such changes would make it less likely that positive action programmes in recruitment by enterprises would run into shortage of women wanting to enter the industry.

15.65 Another way in which opportunities for women and black people in the industry can be increased is through the promotion of enterprises owned or controlled by these groups. In this area a number of initiatives have already been taken and others are planned:

- (a) The printing sector has been identified as one of the industries in which GLEB will seek to promote black-owned businesses. The printing sector team has proposed that this could be done as part of a co-ordinated investment in instant print (see below). A number of the instant print shops could be set up under black ownership or as co-ops formed by black people. The areas of high black unemployment in inner London are among the areas where there is still capacity for more instant print shops. These shops could also obtain a competitive edge from the goodwill of the black community.
- (b) The GLC Women's Committee has given grants to a number of women's printing and printing/publishing co-ops. These have pro-

vided an important method of entry into the industry for women, especially as they give the opportunity to women to learn printing skills in an environment that is not dominated by men. The experience of being the only, and the first, woman in a printing work unit can be extremely intimidating.

- (c) Printing co-ops in general employ a much higher proportion of women and black people than the trade in general. This is an important reason for supporting them.

15.66 Printing enterprises producing material in minority languages, especially those of South Asia, encounter shortages of typesetters fluent in these languages. This is an important barrier to the development of the media within these communities. The costs involved have meant that commercial printing enterprises have not carried out sufficient training. The GLC Project Development Unit has funded training in multi-lingual typesetting and is currently investigating funding multi-lingual printshops under the community enterprises schemes.

New Technology

15.67 New production technologies in the industry tend to deskill much of the work process. In many people's opinions they also tend to lead to inferior quality of work. It is likely that inferior quality is not inherent in the use of new technology as such, but rather because it has been developed by systems/machine designers with the aim of deskilling, rather than by the skilled workers themselves. Printing production technology does not dictate the skills, diversity and interest content of the jobs which use it, nor the division of labour. There is considerable scope for union negotiation over the latter issues when new plant is to be installed. Nevertheless, the scope for negotiation on these issues is strongly limited by the plant installed; the latter should therefore itself be the subject of a policy for labour in the industry.

15.68 This conclusion is reinforced by the results to date of the Swedish 'Utopia' project on printing technology. This project has developed alternative technology in the origination area of newspaper production, and has been carried out by a close collaboration of the Nordic printing unions, a research institute linked to the unions, and the Swedish nationalised print machine manufacturer. The jobs which have been designed by this project are more varied and allow greater worker initiative than is possible with the systems currently available on the market.

15.69 There are, therefore, three levels on which a policy on technology needs to proceed:

- (a) As part of the enterprise planning process in GLEB funded enterprises, the workforce and union should be fully involved in designing the content of jobs using new plant, and the associated training programmes.

- (b) Investigation is needed of the extent to which there exist alternative production technologies on the market, in particular areas of printing, where some alternatives are more desirable from the point of view of job content than others.
- (c) Investigation is needed of the possibility for developing new systems, in close collaboration with printing workers, which can enable higher quality jobs than are possible with systems currently available. The Technology Networks will be able to help here.

15.70 The different subsectors of the London printing industry are extremely varied in terms of market conditions, technological change, structure of ownership, labour and labour conditions. The possibilities for carrying out the basic aims discussed above are correspondingly varied. To illustrate this, we now discuss GLC/GLEB policy adopted and being implemented in four subsectors of the industry. Other subsectors where GLC/GLEB could play a role will be examined in future.

Bookbinding

15.71 The bookbinding subsector of the printing industry naturally depends on the state of demand for books and the purchasing decision of publishing companies. Book sales have declined in real terms between 1980 and 1983. Exchange rate movements have taken some production abroad and the recession has reduced general sales. Moreover, case-bound hardbacks have been more vulnerable to public spending cuts by schools and libraries while paperbacks have performed better.

15.72 Publishers, with a few exceptions, keep out of printing and binding. This gives the publishers the flexibility in a buyers' market of playing printers and binders off against each other in both the domestic and international markets. As a result margins for printers and binders are kept very low. Some companies carry out both printing and binding, and other companies just printing or just binding. Naturally, the advantages of carrying out printing and binding together are that transport costs are reduced and publishers deal with one organisation rather than two, but there is a distinct role for the specialist binder who can provide useful alternative or overflow services. However, this position of providing an overflow service can lead to a dramatic loss of sales particularly during any downturn in demand.

15.73 There has been great economic pressure on binders to automate where possible. The greatest impact of this has been for paperbacks where the use of new adhesives for 'perfect binding' have facilitated the use of high speed machines producing up to 12,000 books per hour. It has been more difficult to automate fully the 'case binding' for hardbacks. Nevertheless, both sectors of the market have experienced mechanisation, job loss and deskilling.

15.74 Bookbinding has been decentralising from London over a long period.

GLEB has invested in Standard Bookbinders (formerly Leighton Straker), preserving the last volume case bookbinding company in London and probably some related printing. The agreements on retraining and transfers reached should ensure that further developments in mechanisation strengthen rather than weaken the position of women. Having made what is — relative to the size of the subsector — a major investment in bookbinding, it is not intended to make further investments within it beyond that necessary to complement and preserve the existing investment.

City printing

15.75 Because of the short turnaround time, all the City printers are located in inner London, on the fringes of the central area. Previous attempts to set up City printing outside London have failed. Because of the security and quality aspects, reputation is very important, making it difficult to break into the market. The skill of the workforce and increasingly sophisticated and expensive technology also limit the possibilities of entry. As a result, the great majority of the market is served by six firms, with perhaps a dozen more operating on the fringes of the sector. Marketing is, however, mediated by the repping system. It is the City printing reps, rather than the firms themselves, who have customer loyalty, and the ability to hold and to poach reps is, therefore, an important aspect of competition.

15.76 The boundaries of the subsector are not quite as neat as this description implies. Because each firm experiences big day-to-day fluctuations in demand, some of the typesetting work is put out to specialist typesetters. More importantly, all the City printing firms also do other more routine types of printing for their business customers and for others (e.g. business forms), though the volume of this work has been limited by the development of in-house printing facilities by the major offices. Some of this related work is carried out in the inner London works, as fillers between the urgent leading City work, while some of it is done in the firms' out of London works. All the City printers are part of groups with interests in other sectors of print. Two of these groups, containing two of the largest City printers, are owned by multinationals (Greenaway Harrisons by Lonrho, Burrup Mathieson by Extel). One is owned by a medium sized conglomerate (Metcalf Caldwell). The others are independent printing-only groups (Williams Lea, Robert Stockwell, Royle City, Oyez). Both the cost and the capacity of the new technology are leading to further centralisation of ownership in the subsector. Each firm now needs to buy a new and increasingly powerful typesetting system every four or five years, whereas the letterpress systems were written off over 20 years or more. The leading firms are buying satellite links that enable them to produce financial documents simultaneously in London and New York. Meanwhile, the City printing market is static. In the face of this kind of competition, the peripheral firms doing City printing are being squeezed out. There are likely to be a number of closures in these firms in the next few years.

15.77 For GLEB to help one or more of the weaker firms to compete in City

printing would merely lead to job loss in another London printer. There are also practical problems: the necessary scale of investment is very large and many City printers feel their image would be tarnished by such aid. These problems outweigh the possibilities that may exist in the subsector for investment leading to exemplary use of technology and equal opportunities. GLEB therefore does not intend to invest in City printing, although investments could be made to help firms convert or diversify out of this market.

Web-offset for printing local newspapers

15.78 The web-offset printing process (offset printing from rolls of paper rather than sheets) was introduced in the 1960s but it took until the mid-1970s before it became a significant feature of the industry. Today the process accounts for about 20% of the total output of the printing industry, mostly concentrated in local newspapers, periodicals and books. By output the use of web offset is (roughly) split between magazines/books/general colour work (55%) and local papers (45%). Little of the introduction of web-offset in newspapers has taken place in the London area, partly because of stronger union organisation in London, and partly because London local newspapers no longer need to be printed in London, due to improved road links. This has led to a weakening of trade unionism. As one report commented:

Looking to a future of computer-controlled typesetting, many provincial newspapers (mostly controlled by national newspaper groups) have used web-offset as a foundation for 'rationalisation' of production. Removed from the traditionally strong trade union organisation of Fleet Street, they have taken the initiative in introducing new technology, sometimes by negotiation and sometimes by head-on confrontation.

15.79 However, this situation may now be changing. Nationally, demand for web-offset printing appears to be strong. Moreover, as in some other industries which have concentrated and decentralised from London, the disadvantages of this strategy have begun to be apparent, particularly the cost, management time and uncertainty in transporting the product into London. GLEB is therefore investigating the possibilities for aiding the expansion of web-offset in London without damaging the job security of existing workers in the subsector in other parts of the country or in London.

Smaller jobbing printing and instant print

15.80 Smaller jobbing printers and instant print shops represent a substantial part of the general printing subsector of the industry. The traditional smaller jobbing printers are now under serious threat from the rapidly expanding instant print shops, based on small litho presses. As in so many other industries, it is retailing and marketing that are the crucial competitive factors

here, since the instant print shops are in general not superior in price or quality — if anything, the opposite.

15.81 The instant print industry in the USA is believed to be approaching saturation point with some 17,000 shops serving a population of 210 million. Using this simple ratio it is possible to guess very roughly where UK saturation may occur. Currently instant print shops are opening at a rate of about three to five per week and, given this rate, UK market saturation will be reached by the mid 1990s. The ease of entry to this subsector means that only 20% of instant print shops are presently part of the major chains.

15.82 Conditions of employment in instant print shops are generally poor and the employees, being virtually non-unionised, are subject to unrestrained market forces. A survey of ten instant print shops in London found that basic pay averaged £74 per week (about 80% of union rate), four paid £65 or less, and that most gave three weeks paid holiday but three gave none with pay. Seven out of ten gave no training.

15.83 GLEB intends to invest in a chain of instant print shops which can demonstrate that these can operate with reasonable wages and conditions, training and union involvement, and be a base for improving organisation in the subsector.

15.84 The chain will be linked to an established jobbing printer. This will strengthen the instant print shops by allowing them to take on longer run and more sophisticated work (which is the trend among the leading instant printers) and strengthen the jobbing printer by improving its marketing. Having a chain rather than isolated shops, gives competitive edge in terms of purchasing costs and sharing of production facilities and management expertise. The investment could be related to business services such as word processing, data processing and telecommunications for text and data transmission. Progressive and labour movement organisations will be encouraged to use the chain. This strategy, together with the continuing growth and profitability of the subsector as a whole, should enable the chain to provide good jobs and still be competitive. A campaign to improve conditions in instant print could be supported by local authorities insisting that instant printers who are their tenants adhere to employment legislation, in particular in allowing their employees access to the unions.

Proposals for action

1. GLEB will invest in a small chain of instant print shops, linked to a jobbing printer that will carry out work that cannot be performed in the shops. The investment will both demonstrate that instant print shops can operate with unionised workers and decent employment conditions, and that smaller jobbing printers can strengthen themselves by links to instant print outlets.
2. GLEB will investigate investment in a web offset printing plant. Such an investment would show that this well-organised sector of the industry can be operated profitably in London, and that it can be run in a way that offers good job opportunities to women and black people.
3. GLEB has already stepped in to save the last volume case bookbinder in London. Apart from investments to strengthen and expand this enterprise, no further investment in bookbinding is planned.
4. GLEB is investigating the possibilities for using new technology to improve the quality of jobs in the typesetting and origination area of the industry. This work will be done in close collaboration with the unions and using the resources of the Technology Networks. This may lead to investment in this area, in an enterprise that GLEB is already involved with or in others.
5. GLEB will undertake detailed studies of a number of other subsectors, to investigate the possibilities for investments that fulfill its aims in the industry. These subsectors will include larger jobbing printing, packaging, silkscreen printing, dyeline printing and flexography.
6. GLEB has already invested in three printing co-operatives. In making further investments, and in discussions with the existing co-operatives, it will seek to expand the capacity of the co-operative sector in product markets where it is presently weak, and to avoid duplication of capacity within the sector.
7. GLEB will continue to support the London Co-operative Printers

Association, which is developing co-ordination between the co-operatives. One important type of co-ordination is developing joint marketing so as to be able to offer a comprehensive service.

8. GLEB will invest in a number of printing enterprises owned by members of ethnic minorities. This will help to improve the presence of these minorities within the industry.

9. In all printing enterprises in which it invests, GLEB will discuss with workers, unions and management arrangements whereby workers in less skilled jobs — which include nearly all the women and black people in the industry — can train for more skilled jobs and transfer to them when vacancies arise. Agreements will also be sought on setting targets for the proportion of women and blacks among new recruits. The GLC will attempt to reach similar agreements with its major suppliers of print.

10. The Greater London Training Board and the ILEA are looking at ways of encouraging more young women and black people to enter the industry, through careers advice in schools and through special training programmes.

11. The GLC is investigating the possibilities for expanding its own printing facilities in such a way that the organisation of the printing unions is enhanced.

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**Section Four:
INFORMATION AND
COMMUNICATIONS**

**16.
Cable**

[Image removed at request of London Metropolitan Archive as a condition of digital distribution.]

The new satellite dish in Greenwich which receives satellite transmissions for Greenwich Cablevision. The signals are transmitted from North Woolwich up to the satellite and back down to Greenwich (a total distance of 44,000 miles).
Photo: Greenwich Cablescene

Cable

Summary

1. The government, convinced that broadband cable would play a critical role in Britain's future prosperity, committed itself in 1982 to encouraging a communications revolution based on cable. Cable would be the key infrastructure of the 21st century, the means of transmitting everything from television to computer data, messages to a shop or bank and educational services.

2. The Minister then responsible, Kenneth Baker, and his advisers argued that cable could be brought in by the market. The prospect of profits from selling additional entertainment television would encourage investors to finance the new communications technology. To do this they would have to structure the market in such a way that investors would not be frightened off. Primarily this meant avoiding the kinds of regulations, including quotas and cross-subsidisation, which govern existing television.

3. At the time the GLC argued that this policy was profoundly flawed. The need for cable had not been established since:

- (a) its services could be provided over the telephone network or through other means like video and low powered television;
- (b) cable would destroy, not create, jobs;
- (c) brought in through the market, it would produce a rash of incompatible, technologically backward networks;
- (d) it would threaten jobs and standards in existing television;
- (e) it would be socially and geographically divisive;
- (f) it would lead to monopoly and a consolidation of the power of the existing major companies in the media, electronics and the cultural industries as well as strengthening the position of the US television industries in the UK;
- (g) its economics would not add up. Its failure to be profitable would lead to the relaxation of whatever safeguards the government imposed.

4. The actual development of cable following the award of interim franchises in the autumn of 1983 has been disastrous. Only a few hundred homes in Britain now receive broadband cable services. Britain's two largest cable companies, Rediffusion and Visionhire have left the industry. The market that was to have led cable has instead ditched it. The government has gradually distanced itself from the industry and from its own policy.

5. At the end of 1984 the industry is waiting for an injection of funds from the government and pursuing the alternative strategy of developing mini-cable systems (MATV) linked by microwave which could provide a few extra channels to subscribers. This would have none of the technological or telecommunications advantages of broadband cable. CIT Research, the new media and cable consultancy, now estimates that the present 6% of the population with some form of cable will grow only to 7.5% by 1990.

16.01 On the face of it, cable could hardly be described as one of London's most important industrial sectors. Visionhire, with 300,000 subscribers nationwide, has only 26,000 subscribers on London's largest network. Only 150 jobs are involved in running it. London's remaining cable consists of little more than the vestiges of the past such as the now largely unused ILEA network set up in the late 1960s, and one of the last surviving community cable stations of the early 1970s, Greenwich Cable. Yet cable remains of critical importance as an issue of industrial strategy. Its significance is a result not of what it is now, but rather of its potential for the future and of the present government's determination to make cable a key strategic intervention in British industry.

16.02 Cable has been around in the UK for many years. The first cable television systems were set up in Gloucester in 1951. Networks run by companies like Rediffusion and Visionhire were originally designed to carry BBC and ITV for areas which could not receive them off-air. Although their networks often have the capacity to carry six or eight channels tight regulations prevented them from carrying additional channels. As off-air broadcasting gradually increased its spread and the rationale for providing the existing three, then four, channels by cable evaporated, the major cable companies lobbied hard for a wider role. In particular they sought the right to use their spare capacity for providing additional channels for their 1.5 million subscribers — such as feature film or sports channels — and the go-ahead to develop multi-channel cable television as exists in the USA. During the 1970s successive governments made some concessions to this lobby and franchised a number of community television projects such as Greenwich Cable and Channel 40 in Milton Keynes. In 1981 the Home Secretary licensed seven companies to provide pay cable services over their existing networks in 13 areas, including inner London. New entertainment channels such as Visionhire's 'Showcable' and Rediffusion's 'Star View' were soon being provided to their existing subscribers.

16.03 In 1982 two factors combined to convince the government that it should promote the development of genuine, multi-channel cable. One was the position of the cable industry itself, facing an inherently declining market and the need to upgrade massively their outdated systems. Colour television manufacturers also faced poor prospects. A second was the government's interest in information technology (1982 was 'Information Technology Year'). It was believed that cable could tie in with developments in satellite broadcasting and information transmission, and that it could give a boost to high technology industries — to telecommunications, consumer electronics, office technologies and services. In addition, cable could play a role in government plans for opening up the telecommunications markets to private capital through the establishment of Mercury as a licensed competitor to British Telecom and through the subsequent privatisation of BT itself. Broadband cable would play a part in the long term goal of creating new links between homes and businesses.

16.04 The government therefore commissioned its Information Technology

Advisory Panel (ITAP) to investigate how multi-channel cable should be introduced into Britain. The panel accepted the widespread view of the long term importance of cable, summed up by one report which argued that 'satellite communications systems and broadband cable systems are part of a revolutionary development in mass communications made possible by recent developments in microelectronics. The development of such telecommunications systems provides the basis for the penetration of the microelectronic revolution into every factory, shop, office and home.' Aware that the government would not countenance the provision of cable as a public service infrastructure, like the electricity or telephone grid, ITAP proposed an alternative strategy. Their argument was that cable would be a major industry and an indispensable infrastructure, and that its development should be one of the government's key strategic interventions. They argued that it could be financed through the expectation of profits from the sale of entertainment services, that it could, in other words, be 'market-led'. In order to achieve this, the government would have to organise the market in such a way that regulatory strictures relating to technologies used and broadcasting policy should not deter potential investors.

16.05 The government accepted these recommendations and made a number of pronouncements to the effect that what had been a dwindling industry would become the focus of a key industrial intervention. According to Lord Whitelaw, then the Home Secretary, cable would be the infrastructure that would 'pave the way to the world of the future in which business and work may be undertaken in new and very different ways'.

16.06 The approach recommended by ITAP raised many fears that cable as a means of transmitting television would have a damaging impact on Britain's existing broadcast services. The ITAP strategy was the first time that industrial considerations had been used to determine cultural policy. Television in the UK, as in most countries, is heavily protected and regulated. Quotas ensure that only 15% of programmes shown can originate from outside the EEC, while regulation through the BBC and IBA ensures that cross-subsidisation is used to finance minority programmes and expensive productions. If, as ITAP recommended, cable was to be largely free of regulations of this kind several dangers would follow: fundamentally there would be the danger that the channels of distribution would be expanded beyond the capacity of the domestic production industry and of the consumers who would ultimately have to pay for it. The results of this process have been seen in countries like Canada where a spiralling decline in the proportion of locally produced material resulted in a fragmentation of audiences such that no channel could afford the resources required for expensive productions or for cross-subsidisation of minority programming. Cable would be bound to hit audiences for, and jobs in, BBC, ITV and Channel 4. For commercial television this would be reflected in falling advertising revenues; for the BBC it would be reflected in an undermining of the political base for the licence fee. In both cases this would be likely to threaten jobs and increase the pressures for regulations on broadcast television to be relaxed.

16.07 To allay these fears the government asked Lord Hunt to investigate how the ITAP strategy could be implemented without harming existing television services. Hunt followed the ITAP line that 'investment in cable for entertainment purposes would be the necessary base to which interactive services which would be of economic benefit to business and the individual would be added.' Hunt also agreed that to make cable attractive to investors it would have to be as free from regulations as possible. His report was greeted with derision by the television industry. His belief that a quota would be unnecessary was grounded in 'faith' in the British film and television industries' ability to expand to satisfy the market.' This ignored two factors: first, the likelihood that cable systems on the margins of economic viability would be attracted to buying cheap programming that had already been amortised overseas, mainly in US markets (US programming is often available for as little as £2,000 per hour compared to average costs of British television production of £35-40,000 per hour), and secondly the likelihood that quota-free cable would undermine audiences and revenue for existing British programme production. In this way an expansion of channels of distribution would be likely to lead to a contraction rather than an expansion of the British film and television industry.

16.08 The problem of reconciling the two goals of financing the communications revolution through entertainment and attracting entrepreneurs without hurting existing television was reflected within the government. Conflicts between the Home Office (responsible for broadcasting policy) and the Department of Trade and Industry (responsible for telecommunications and information technology) led to a long delay between the publication of the Hunt Report and that of the White Paper in April 1983. Despite misgivings, however, the government decided to move ahead urgently, fearful that otherwise Britain's telecom and electronics industries would fall behind their international competitors. The White Paper laid down the timescale for introducing cable:

- (a) In autumn 1983 up to 12 pilot franchises would be awarded for cable systems serving up to 100,000 homes. These would have licences of 12 or 20 years depending on the nature of the system used.
- (b) In 1984 the government would pass a Cable Bill through parliament establishing a Cable Authority to be the industry's watchdog and setting up the framework for cable in the future.
- (c) In 1985 a new round of franchises for areas of up to 500,000 homes would be awarded.
- (d) Existing cable operators would be able to apply to upgrade their existing systems to carry additional channels.

16.09 In July 1983 the GLC, together with Sheffield City Council, held a series of public hearings on cable. These displayed a surprising unanimity of opinion about the government's plans which centred on six major objections. These were that:

- (a) There was as yet no demonstrable social need for broadband cable.
- (b) Cable would destroy rather than create jobs, particularly in the cultural industries.
- (c) The government's plans constituted a confused and irrational way of creating an electronic grid with a long term future.
- (d) The government's plans would tend to create the conditions for monopoly rather than local control in the British cable industry, tending to favour the existing major companies in the media, communications and culture.
- (e) If cable was introduced according to the criteria of the market it would be socially and geographically divisive.
- (f) The economics of cable simply would not add up, and that this would lead to pressures to relax existing safeguards.

16.10 The most pressing concern of the GLC was the likely impact of cable on jobs. Clearly cable would create some jobs. The GLC's original report estimated that cable would create jobs in London in a number of fields: 1,700 in the operation of cable systems, 1,000 in cable laying, 1,700 in making new television sets, and 250 jobs in producing decoders. All told it was estimated that 4,650 jobs would be created in London by 1990 (on the assumption that half the UK's households would be cabled by them) with about 23,000 being created nationally. This figure is almost exactly the same as that quoted by the government six months later.

16.11 Where the GLC's analysis differed from the government was in its estimate of cable's impact on other sectors. Here there were fundamental reasons for seeing cable as a threat to employment:

- (a) Consumer expenditure on culture, recreation and leisure tends to be very stable, particularly during a period of slow growth. Since 1975, despite a proliferation of new leisure technologies and new products, spending on 'leisure' has only risen from 21% to 22.1% of total consumer expenditure. Any increased spending on one area such as cable would be likely to produce corresponding decreases in other areas such as cinemas, restaurants or live performance. Since many of these sectors are inherently labour intensive there were strong reasons for expecting that cable's net impact on jobs would be negative, particularly in an area like London which has a high concentration of employment in the cultural industries.
- (b) The government's insistence on financing cable through the market and the consequent need for minimum regulation would involve abandoning the detailed controls over quotas and cross-subsidisation which play a large part in guaranteeing employment in the UK programme production industry. By taking away a proportion of the

BBC, ITV and Channel 4 audience cable would threaten jobs in these organisations. To the extent that it would be free of regulation it would be unlikely to replace these with new jobs in making programmes.

- (c) The government's technology policy for cable was another cause for concern. The questionable profitability of cable was combined with the proposed timescale to encourage UK hardware manufacturers to team up with their US counterparts to reduce the level of risk involved in developing new technologies and switching systems. This would clearly lead to the creation of far fewer jobs than the alternative models being pursued elsewhere. In France, for example, where telecommunications are provided as a public service, the government committed itself to building a fibre optic, switched system covering the whole country. The development of this is being geared to the capacity of French hardware suppliers — fibre optic and switching producers — so that the benefits in terms of jobs, technological know how and future exports are retained within France.
- (d) In addition there were fundamental reasons for thinking that a shift of resources into the information and communications industry would tend to cut jobs. These industries are characterised by a very high capital to labour ratio reflected in a high capital to output ratio. In the case of British Telecom, for example, the latter ratio is far higher than any other company in the UK top 50.

16.12 In all the GLC estimated that cable's net impact on the cultural and leisure industries, and on other sectors such as fuel and transport could lead to a loss of up to 25,000 jobs, a large proportion of which would fall in London. This estimate was based on the assumption that there would be 500,000 subscriptions to cable each year involving consumer expenditure of £200 per year (including subscription and equipment) and that consumer expenditure on cable would therefore grow by £100 million annually. Since most of the jobs created by cable would be temporary (the exception would be the 1,700 jobs in cable operation) cable's net impact on employment would almost certainly be negative.

The need for cable

16.13 The government's sense of urgency in stimulating the cable industry meant that for the first time a major change in the structure of broadcasting was brought about without any serious approach to public consultation. This must be compared with the 20 years devoted to establishing the framework for introducing a fourth TV channel, including the three years spent by the Annan Commission examining evidence. The GLC's public hearings on cable raised serious questions about the need for cable. Few would argue against cable's promises: a greater choice in entertainment, wider access to information and

interactive services, community and educational channels and services for the housebound and disabled. The key issue, however, is whether the government's plans for cable would lead to this promise being realised. There are many reasons for doubting this:

- (a) The argument that cable will lead to greater choice in broadcasting has already been touched on. What is more likely, in the context of a relatively unprofitable industry, is a parasitic role, whereby cable will be largely recycling programmes and films made elsewhere thus threatening the regulatory structures which ensure diversity in existing broadcasting services. One US cable operator stated quite openly that the 'cable industry boom is quite crucially based on its not paying for real production costs.'
- (b) Video has already established itself as an alternative and popular means of distributing programmes and films. With 27.4% penetration in the UK at the end of 1984 it constitutes a more effective means of distribution than cable is likely to be for many years; so although the experience of video is evidence that there remain unmet demands for additional programming, video has in many ways already pre-empted cable's potential market;
- (c) Nearly all the interactive services promised by cable are either already available over the telephone network, or will be when BT has upgraded its system to an Integrated Switched Digital Network (ISDN) in the mid 1990s. The one major exception — moving video — is likely to be available soon as signal compressing techniques advance. There is also little evidence of a large, untapped demand for new information services. Prestel, which British Telecom attempted to launch as a service for the mass consumer market, has only succeeded in reaching about 40,000 subscribers, the majority of them businesses. Finally, since the telephone network already reaches 79% of households there is no reason to think that cable would be a more extensive means of distributing services to meet needs;
- (d) Cable's very real potential contribution to meeting the entertainment and information needs of the housebound and disabled is unlikely to be realised by a system subject to the requirements of the market. The social groups which most need the new services offered by cable — programming for minorities, or interactive services for the housebound — are the very groups likely to be excluded by these requirements.

16.14 There is also a more general question relating to needs. Many would cast doubt on the need to devote more material and human resources to increasing people's isolated, domestic dependence on the television set. The proponents of cable see it not only as the major source of entertainment and information but also as a substitute for many existing forms of human face to face interaction such as shopping, banking and office work.

The profitability of market-led cable

16.15 Central to the government's strategy for cable was the need to make it seem profitable to the major investment bodies. This was always likely to be a high risk strategy. Cable is an inherently expensive distribution medium. The cost of cabling a single home can vary between £200 and £1,000. The cost of cabling half the households in the UK has been estimated to lie between £2.5 and £5 billion. If broadband cable is successful in establishing itself as the universal electronic transmission medium in the future, these costs, spread over a wide range of different interactive and entertainment services, might become acceptable. But as far as private capital is concerned, over the period of initial franchises (15 or 20 years) cable will remain very much in competition with other broadcasting and telecommunications systems on the services it carries.

16.16 Fears about cable's profitability have not been slow to emerge. In the USA very few cable operators or programme providers have yet succeeded in becoming profitable. Research conducted in London by AGB, Britain's largest market research company, and the multi-media company Pearson Longman suggested that rates of return would be negative. Other studies using highly optimistic estimates of penetration rates suggested that cable could be profitable. All agreed that demand for cable would be highly price sensitive and that profitability would be heavily dependent on the maximum use of capital allowances whereby investments could be counted against taxable profits. According to a report by the accountants Deloitte, Haskins and Sell, a cable operator using maximum capital allowances could expect an annual rate of return double that of one who did not (14% as opposed to 7%). The significance of allowances was reflected in the make-up of the consortia which applied for the first round of pilot franchises in the autumn of 1983. Many evolved complex structures to enable their larger members with related interests to exploit allowances to the full.

16.17 Early fears about profitability occurred in both the hardware and software sectors. In the former it was reflected in the choice of most potential systems providers, including British Telecom, to buy largely tried and tested US technology. Decoders and switching gear designed for tree and branch networks are readily available at prices achieved by the economies of scale of the large and mature US cable market. This was reflected in the spate of joint UK/US ventures such as Racal-Oak, GEC-Jerrold, and Plessey-Scientific Atlanta set up to service the UK and later the European cable market.

16.18 On the software side there was a widespread awareness that, at least in its early years, cable would not be able to afford much programming of its own. Nicholas Mellersh of Rediffusion, then head of the leading cable film channel it had set up with Visionhire, UIP, Rank Trident and Plessey, was quite open when he announced that the channel had no plans for any British productions. This must be compared with the contribution of Channel 4 which alone is financing over 20 new films in Britain each year.

16.19 During 1984 the issue of profitability came to a head. The early months brought ambiguous announcements from the Inland Revenue as to what elements of the cable programme could be deemed eligible for capital allowance, while it also became clear that there would be a very long delay before the interim franchises, announced in December 1983, would actually be awarded. The most devastating blow came, however, in the Spring 1984 Budget, when the Chancellor, Nigel Lawson, announced that allowances would be phased out. The already marginal economics of cable has yet to recover from this blow. The Cable Television Association immediately started lobbying for special concessions from the Treasury and for grants for franchises which fell in development areas. In the end it had to content itself with an extension of the interim franchises from 12 to 15 years during the committee stage of the Cable Bill (an achievement that was undoubtedly not hindered by the fact that four of the Conservative members of the committee had interests in cable).

16.20 By removing this major source of indirect public subsidy, the government prompted a rapid realignment of the cable industry which interpreted the move as a loss of faith by the government. Since the passing of the Cable Bill, now the Cable Act, it has become clear that the City is deeply sceptical about the prospects for cable. At the time of writing only one of the 11 interim franchises has gone into operation, reaching only a few homes in Swindon. Consortia with franchises in Clyde and Windsor now seem unlikely to raise the £20-30 million needed to cable their areas while others, such as Ladbrokes in Ealing, seem likely to pull out altogether. Even Swindon Cable Television has only been allocated enough funds by Thorn EMI to cable 5,000 homes. The industry is now arguing that it will need direct government assistance if it is to attract any private investment.

16.21 In October 1984 Visionhire, Britain's second largest cable company and one of the driving forces which had persuaded the government of the importance of cable, announced that it was to pull out of the industry altogether. Shortly afterwards BET, Rediffusion's holding company, announced that it was to sell all its cable interests — including an interim franchise in Guildford, upgraded relay systems in 36 towns, and interests in a number of programming channels, notably the entertainment channel. These interests were bought by Robert Maxwell at the bargain price of £11 million, providing him with an opportunity both to expand his existing electronic publishing operations and to compete with his rival Rupert Murdoch's 'Sky' satellite channel which is transmitted over Rediffusion's networks.

16.22 1984 has also brought the demise of the main joint UK-US hardware ventures, Plessey-Scientific Atlanta and GEC-Jerrold for the simple reason that the failure of the interim franchises to get off the ground has denied them any orders. Hardware providers have also changed the terms on which they would provide cable systems; GEC, for example, raised by 50% the price of the system it was offering Windsor's franchise holder, following the phasing out of capital allowances. The failure to make cable appear profitable has also had severe effects on the programming side, where the major interests are now pushing

for an alternative strategy based on developing low technology Master Antennae Systems (MATV) was an alternative, and much cheaper, way of distributing a few extra channels.

The need for cable

16.23 Telecommunications are currently in a state of rapid change. Their traditional modes of operation are being transformed by developments in digitisation of signals, moves towards providing processing services in the course of transmitting signals, the development of machine to machine rather than interpersonal communication and moves towards video transmission such as teleconferencing and facsimile transmission. In broad terms, the old dividing lines between transmission and processing — between telecommunications and computing — are breaking down and being replaced by the new industries of 'telematics'. This represents perhaps the fastest growing sector in the West's economies. The logic of these developments is encapsulated in the idea of the broadband cable system linked to television sets with the transmission medium covering everything from entertainment to computer data, voice and video telephony to messages to a shop or bank.

16.24 The most effective means of creating such a system has been the subject of furious debate. The members of the ITAP panel, reflecting their background in the business communication and cable industries, argued that only with deregulation and privatisation could the full benefits of the new technologies best be realised. The liberalisation and privatisation of BT and the introduction of new competitors in the form of cable consortia would allow the market to decide which technologies would be appropriate, and which new services should be developed.

16.25 Others, including the GLC, argued that British Telecom, under public control, was best placed to introduce broadband cable. Its experience of telecommunications and cable, its existing base in fibre optic production, its national, standardised and integrated network and its infrastructure of ducts and switching mechanisms all served to support this view. In addition, it could be openly accountable to the public, and could gear developments to people's needs rather than the requirements of the market.

16.26 In France, Japan and Germany, to varying degrees, national governments have committed themselves to nationally integrated programmes for developing broadband systems. In France the government committed itself to spending five billion francs, financed from the PTT's retained profits and national and international loans, to build a fibre optic switched system linking every individual subscriber. This programme has been linked to a series of experimental interactive systems, notably in Biarritz and the Velizy area.

16.27 The UK government's strategy by comparison has depended on the

interaction of a series of different moves. The first has been British Telecom's moves to upgrade its system, through gradually replacing major trunk routes with fibre optic cable, the development of the System X switching system and of value added services largely geared to business needs, and the long term moves to establish an Integrated Switched Digital Network (ISDN) providing everything from telephony to video transmission. The privatisation of British Telecom means that new services are no longer subject to its long standing commitment to the principles of cross-subsidisation of services and universal availability, principles which have also governed public service television. Thus the cable strategy can be seen as an introduction of the market to undermine these principles in two parallel sectors — public service television and public service telecommunications.

16.28 British Telecom's relationship to the development of cable is by no means simple. BT is likely to continue to benefit from the inherent tendencies towards monopoly in this sector (reflected not only in its own monopoly, but also in parallels like AT&T's traditional 80-85% share of the US market, and in the way three firms, Plessey, GEC and STC have dominated exchange supply within the UK). However, BT has to evolve in an environment partly determined by a government committed to breaking down monopoly, to deregulating telecom supply markets, and by US moves such as the deregulation of transatlantic satellite routes.

16.29 To prevent cable becoming too serious a competitor to its monopoly, British Telecom became involved as a system provider in five of the eleven interim franchises. In the course of time this has created major problems for BT. In the consortia which BT joined it generally had a fairly small stake, around £200,000, despite having a financial commitment to spend as much as £20-25 million on providing each system. As, during the course of 1984, it became clear that the profitability of cable would be in serious doubt, BT became increasingly fearful of the implications of being dependent for future revenue on private consortia over which it has little control. As a result it is now making it clear that in the future it will only participate in consortia with a 50% contribution from the private sector and a controlling interest for itself in the cable television franchise. In addition it has responded to the threat of low or non-existent profitability by increasing the sums it will demand from operators (to about £8 per subscriber each month) and downgrading the technical level of the systems it will build.

16.30 For Mercury, on the other hand the cable operators are potential allies. One of Mercury's initial problems was that of linking its eight city fibre optic link to individual and small business subscribers. Local cable networks offer a cheap way of reaching them, as well as having the advantage for both sides of sharing capital costs. Cable would thus form part of a network in parallel to that of BT; in conjunction with Mercury local cable operators would provide cheap telephone services.

16.31 In its White Paper the government announced that BT and Mercury would retain their duopoly of data transmission in the key business centres of

London (the City, Westminster and Camden) and Birmingham and Manchester. To the extent that cable operators are free of the statutory obligations of BT, there can be little doubt that they will increasingly seek to compete in the provision of specialised services, particularly to high volume business customers. During the course of 1984 it became clear that the government was making it a condition that consortia made a commitment to the provision of telecom and voice telephone services, preferably through Mercury, before they could be awarded interim franchises.

16.32 These apparently contradictory moves have one common factor. They are all part of a wider process to open up telecom markets to private capital, and in effect to privatise what has hitherto been provided as a public service. But as the experience of the last two years has shown, the market is a singularly ineffective means of constructing an infrastructure for future needs. The lure of short term profit works against the inherent long term logic of broadband cable. Telecom is an example of a natural monopoly service, like electricity or water provision, where duplication is clearly wasteful. Yet there is now a serious danger that Britain will be left with a mass of competing and incompatible telecommunications systems. Many of the cable franchises seem likely to have relatively low technology systems — often using co-axial cable and traditional tree-and-branch topologies — which will not have the flexibility to adjust to future uses. While they may be able to 'skim' off a few profitable services from BT, they will in no way be able to contribute to the long term technological needs of the telecom infrastructure. What this means is that the government has been trapped by its own ideology. Elements within it appreciate the fundamental logic for organising telecommunications as a monopoly. They also believe that, given the choice, a monopoly should be run by the private sector rather than the state. However, the government's rhetorical commitment to deregulation and competition has pushed it into pursuing contradictory policies, policies which may well undermine the ability of even a privatised BT to provide for the long term needs of British industry. This has been recognised by many British industrialists, for example Lord Weinstock of GEC.

The tendency towards monopoly

16.33 When the government announced its plans for cable it tried to give the impression that cable would be a widespread network of small, locally owned systems. In practice, as the GLC predicted, cable ownership has been characterised both by a high degree of concentration and a heavy participation by already powerful interests in the media, telecommunications and the cultural industries. The allocation of interim franchises demonstrated this clearly. The consortia which won franchises included several key groups. In the first place, there were the representatives of the major US cable interests, eager to get in on 'the ground floor of the developing European industry'. These included AT&T in the Westminster consortium, Comcast Corporation in

Ealing, and World Cable in Aberdeen. In addition, as has been mentioned, a number of US hardware companies were involved in providing cable systems.

16.34 The second major set of interests were the British cable and media companies, notably Thorn EMI with three interim franchises, and Rediffusion with one. Visionhire, which failed to win a franchise, and Rediffusion were also licensed to upgrade a large number of their existing systems. All three engaged in a rapid process of vertical integration, using their existing subscriber base as a means of dominating the programming market. Rediffusion, for example, was involved not only in operating cable systems, providing programming but also in developing cable hardware, notably its 'Switched 8' star system. Other interests involved included major financial institutions such as Charterhouse Japhet, Kleinwort Benson and Investors in Industry (who have been remarkably unforthcoming in providing finance since the removal of allowances), and other media and cultural interests such as local newspaper and radio holding groups. As already mentioned, British Telecom with its commitment to five franchises has been heavily involved in the industry.

16.35 During 1984 a rapid process of concentration and monopolisation has been underway. This has been most notable in the software or programming sector. The promise of a new regime of diversity in television has been quickly undermined by the fundamental economics of television. Because of television's efficiency as a distribution medium, and its economies of scale in reaching a mass audience, the benefits to be gained from concentration and from avoiding a fragmentation of audiences are all too clear. In cable this has been reflected in:

- (a) The reduction of the competing film channels to two, both of which link major suppliers to cable owners, reflecting a classic process of vertical integration. The Entertainment Channel represents MGM/United Artists, Paramount, Universal, Plessey, Rank-Trident and, until their departure from the cable industry, Rediffusion and Visionhire. Its competitor, Premiere, comprises Home Box Office (the main US film channel owned by Time Inc.), Columbia, Warners, Showtime/The Movie Channel, 20th Century Fox and Thorn EMI, which is, in this case, the main systems operator.
- (b) The two remaining sports channels have now merged into a single channel 'Screensport';
- (c) The original three competing music channels have now merged into the EMI-led 'Music Box' which is distributed throughout Europe by Rupert Murdoch's 'Sky' Satellite station.

16.36 The clear implication of these developments is that even if there was a diversity of ownership at the level of local cable systems (and in practice what has happened is a consolidation of links between cable operators and programme providers) the profitable areas of programme provision would still effectively be under monopoly control. Preventing this would have required

strong regulations to prevent the involvement of existing major media companies in cable programming and ownership, and regulation to avoid interests straddling cable operation and programme provision. However, this would have contradicted the paramount aim of making cable a profitable investment for the City.

Unprofitability leads to the relaxation of safeguards

16.37 As the GLC predicted, the unprofitability of cable has rapidly led to a relaxation of the few safeguards which were imposed. Depending on the market to organise and finance a communications revolution was always liable to leave the government open to blackmail. In practice, cable companies and consortia have simply threatened to abandon the government's cherished revolution unless they are provided with concessions. The result has been a strained battle of nerves. Kenneth Baker, the Minister responsible for evolving the original, now discredited, cable strategy, has moved on, leaving his successor, Geoffrey Pattie, to try to distance the government from the failures of the industry.

16.38 Safeguards have been relaxed at a number of levels. First, the technological specifications outlined in applications for interim franchises have largely been downgraded to take into account the current state of the industry. Secondly, requirements on programming, whether the imposition of a quota on imported programmes or the mandatory provision of community or educational programmes, have been avoided. The Cable Act has made no provision for quotas or for mandatory programming. There are also no safeguards to preserve cable's local dimension. This contrasts strongly with the experience of cable in the US and countries like Holland where the involvement of local authorities in the franchising process has ensured that cable operators have had to provide channels covering local interests, or geared to the needs of ethnic and other minorities. The Cable Authority, set up at the end of 1984, is likely to have little room for manoeuvre; its requirement to operate with a 'light rein' will leave it little scope to make impositions of this kind. Its first priority is likely to be the development of cable itself; questions of regulation will have to wait.

The GLC's position

16.39 In many countries cable's potential as a genuinely local medium is considered one of its most attractive features. In Holland, for example, 47% of all operators are local municipal authorities and a further 23% are local cable television foundations; the largest single operator, Kable Televisie Amsterdam, which has some 300,000 households connected, is 51% owned by the

Amsterdam city council. In Britain, however, the government has sought all along to exclude local authorities from cable. This reflects the government's response to the pressure of the cable lobby. It argued that local authority influence in the USA had forced operators to provide what were considered to be expensive and unnecessary services such as community channels and channels for ethnic minorities.

16.40 However, even if the GLC has been legally permitted to play an active role in cable it would not have done so in the framework laid down by the government. Its position was made clear in the summer of 1983. In view of the major objections to the government's plans, and the likelihood that cable would fail to live up to its promises, the GLC argued that local authorities should not involve themselves in cable consortia nor in the finance of programme production for cable. It proposed also that for every £1 spent on hardware another £1 should be spent on building up software and programme production and that cable should be provided by British Telecom under public control on the principles of universal availability and cross-subsidisation of services.

16.41 The GLC has also argued for an extension of the local production units which have sprung out of the ACTT Workshop Declaration with support from Channel 4, the Regional Arts Associations, the British Film Institute, the GLC and other councils. These could provide the base for locally accountable and pluralist programme production, whether or not cable is successful in establishing itself as a dominant medium. In addition, the GLC has argued that the great mass of programming time that has to be filled on cable should be used to develop a more balanced trading relationship in television programmes with countries in the Third World.

16.42 An alternative approach to cable would start from people's needs for culture and information, and from cable's potential to reverse the standard top-down structure of the media. There remains an urgent need for a programme of public consultation (as has preceded every previous extension of broadcasting), and an urgent need to ascertain how Britain's long term infrastructural requirements can best be met. Many of the interactive services cable could provide could be used to meet people's needs. Here too, the market is an inappropriate means of developing them. In the USA, Warner-Amex's showcase QUBE interactive system was closed down earlier this year because of its enormous cost, while British Telecom's Interactive Services Department, set up to service the cable industry, has also been closed. By contrast, nationally sponsored schemes in Japan and France have had the time to experiment patiently with the technical and social implications of new services.

16.43 Nothing has happened in the intervening year and a half to question the GLC's position. The GLC's predictions on profitability, on the relaxation of safeguards, on monopoly and the involvement of existing major corporations have all been borne out.

16.44 Few would now defend the government's cable policy. As an industrial

policy it has been a disaster. As a broadcasting policy all that can be said for it is that its failure will prevent cable from having the damaging impact on existing television that many feared. The final admission of failure has come not from the government but from the ITAP panel. At the end of December 1984, on its own initiative, it decided to mount another report into cable to analyse what went wrong, and to develop an alternative strategy. The UK government's dependence on the market is already being unfavourably compared with the homogeneous and single-minded policies of countries like Japan, Sweden, France and West Germany, each of which is moving towards the construction of national, integrated, broadband networks with a heavy orientation towards fibre optics. The UK strategy on the other hand is creating a cleavage between cable as telecommunications and the less glamorous goal of providing additional entertainment in a way that flies in the face of the clear logic for integrating the two. The cable industry's pressures on the Home Office to license MATV systems mark the final admission that while entertainment can be used to finance a new entertainment medium, it will be unable to finance a high-technology communications revolution.

16.45 The strategy's failure will be seen not just as a failure of economic strategy which reflects the rigid faith in free markets. It will also be seen as a failure to meet the very real needs which existing information and entertainment services so patently fail to satisfy.

Proposals for action

1. The GLC will campaign for the government to recognise the failure of its strategy for market-led cable and launch a major programme of public consultation covering:

- (a) needs for additional programming;
- (b) infrastructural requirements of British telecommunications;
- (c) needs for information and interactive services.

2. The GLC is committed to the position that local authorities should avoid any involvement in existing cable plans, either in consortia or in the finance of cable programming.

3. The GLC will concentrate instead on building up audio and audio visual production resources and distribution networks as an alternative to cable, serving communities and minorities whose voices are not at present adequately served by existing media. It will encourage other local authorities to follow the same policy.

4. If consultations suggest a need for broadband cable the GLC believe that it should be introduced by a British Telecom brought back under public control.

5. The GLC will continue to campaign for the proposal that for every £1 spent on hardware, another £1 should be spent on developing software and programming for cable.

6. The GLC will also campaign for quotas to be imposed on cable programming: a maximum 15% of non-EEC material and a minimum of 20% locally produced material.

7. The GLC believes that local cable councils should be established with local authority and trade union representation to award local cable franchises.

8. Local councils should set up communications committees to monitor existing media and cable services and to campaign for equality of coverage, access and employment opportunity and for local democratic control of the media.

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**Section Five:
SWEATED TRADES
AND SERVICES**

**17.
Homeworking**

[Image removed at request of London Metropolitan Archive as a condition of digital distribution.]

Homeworker in the clothing trade in a council flat in Hackney. As profits are squeezed by the recession and cut-throat competition the cheap labour supplied by homeworkers is on the increase.

Photo: Neil Martinson

Homeworking

Summary

1. Homeworkers, because they are isolated and partly hidden, have been unable to organise to improve their conditions. But they are not merely a relic of a poverty-stricken past. Their numbers are greater than is usually recognised, and are probably increasing. As profits are squeezed by the recession, there is evidence that employers are resorting to homeworking on an increasing scale. Homeworkers are cheap; they also have little or no security of employment, and can therefore be used to bear the brunt of fluctuations in demand. As developments take place in office and communications technologies, homeworkers may increasingly be used to perform routine office tasks at less expense to their employers.
2. Homeworkers are almost exclusively women. They work at home not out of choice, but because they have to. This is nearly always because they have young children and adequate childcare facilities are not available. It is also sometimes because of disabilities and the lack of provision by employers for people with disabilities. In addition, many women from ethnic minorities work at home partly because of discrimination in the labour market outside their homes and also because of uncertainty about their immigration status. Because homeworkers' employers usually insist that they are self-employed, they seldom have employment protection and other rights. Their work is isolated, stressful, often semi-legal, and usually unhealthy.
3. The GLC's long-term objective is that alternative possibilities of work should be available to women so that they are not forced to work at home. The GLC is working towards this objective through measures to improve employment opportunities outside the home for people with disabilities and through campaigns to expose and counter racism and sexism. It is also, through GLEB, demonstrating that an alternative exists to the cost-cutting strategies involved in the employment of homeworkers.
4. The GLC recognises that, for the time being, homeworking is the only option available for many women. There is therefore a great need to support existing homeworkers in their efforts to improve their wages and conditions. This must be done both through campaigns for legislative changes and

through better organisation by the homeworkers themselves, especially through the trade unions. The two processes can be mutually reinforcing. The GLC is supporting campaigns for changes in the law and providing support for trade union organisation. It is also supporting local organisations of homeworkers and the establishment of local co-operative workshops for homeworkers, with training and childcare facilities.

The New Sweating

17.01 Homeworkers work for a wage, at piecework rates, in their own homes. They machine garments, make up toys and novelties, glue stationery, pack match-boxes, sew buttons to cards, work on electronic parts and appliances, and, increasingly, work with computers and VDUs. Nearly all of them are women and many are from ethnic minorities. They generally work for one employer; the usual definitions exclude people who work from home, many of them men, who are genuinely self-employed and who work for a variety of employers. Nevertheless probably a majority of homeworkers do not have employment status and the rights attached to that status.

17.02 Conditions in homeworking have changed little since the turn of the century. Homeworkers are largely uncounted, unrecognised and unorganised. Because of their invisibility, they are especially vulnerable to abuse and they enjoy few of the legal rights and almost none of the protection provided by the state which have been won by other workers. Their isolation, the insecurity of their employment and the fear arising from their uncertain legal status make it very hard for them to organise in trade unions and thus be provided with the relative security and protection from employers' abuses which some workers have achieved in organised workplaces.

17.03 In fact there is evidence that homeworking, rather than being a declining relic of a grimmer and more poverty-stricken age, is on the increase. Precisely because homeworkers are difficult to organise and protect, they have advantages for employers. At a time when many industries are in difficulties and when a major avenue of escape appears to be to cut wage costs, putting out work to homeworkers is one way of achieving this. Homeworkers are usually paid less than workers doing equivalent work in factories or offices; attempts to extend the provisions of the Equal Pay Act to cover their case have so far been unsuccessful. The Wages Council minimum rates are widely flouted and do not cover all homeworkers. Employers avoid overhead costs. When, as is frequently the case, they do not give homeworkers employee status, they can also evade the responsibility of paying National Insurance or providing benefits such as sickness and maternity pay. 'Self-employed' homeworkers have no security of employment and no entitlement to redundancy pay.

17.04 Homeworkers therefore provide employers with the ideal flexible labour force, and one which is, moreover, captive, since most of the women have no alternative to working at home. Thus, as a report in the *Employment Gazette* of January 1984 put it: 'Outworkers are used as a buffer against market fluctuations, particularly in the manufacturing sector. This suggests that employers are in effect sharing their risk with outworkers. The results of the Workplace Industrial Relations Survey indicate that they have few or none of the advantages of employee status, with no evidence of the advantages of self-employment either.' Because homeworkers contribute to the present government's general objective of a flexible labour market, it is not surprising that Norman Tebbit, as Secretary of State for Employment, said the following of

homeworkers in the House of Commons Employment Committee of 24 February 1981:

There appears to be an underlying assumption that problems do exist on a scale which necessarily justifies government intervention. I do not think that that case can be said to have been established.

How many homeworkers?

17.05 Official statistics provide only a very vague and imprecise idea of the total number of people who may be involved in homeworking in Britain as a whole, let alone London. On the basis of the 1981 Labour Force Survey the Department of Employment concluded that there are 660,000 homeworkers in England and Wales. But this includes people who are working *from* home, such as sales people and professionals. The Low Pay Unit's report *Sweated Labour*, published in December 1984, estimates that if these are excluded, the actual number of homeworkers recorded is only 251,000, of whom 72,000 are engaged in manufacturing work. The report adds: 'This is certainly an underestimate of the numbers involved, since ignorance of their rights and fears of their liabilities make many homeworkers reluctant to declare themselves.' On the basis of the 1981 Census of Population, the Low Pay Unit estimates that there were 330,000 homeworkers recorded in the statistics. An earlier estimate by the Department of Employment was that in 1980 there were between 200,000 and 400,000 homeworkers. New estimates published by the Department of Employment in January 1984, derived from the 1980 Workplace Industrial Relations Survey, produced a figure of 111,000 'outworkers and homeworkers'. But it excluded establishments with fewer than 25 employees, which are likely to be major employers of homeworkers. Many homeworkers are employed by 'outworker' organisations which act as intermediaries between factories and homeworkers but which have no factory employees themselves. Another estimate based on a special census of women's employment, produced a figure of 350,000.

17.06 There are no official statistics for the numbers of homeworkers in London. But it is certain that London has a higher proportion of homeworkers relative to in-firm employment than the UK as a whole. First, homeworking is disproportionately concentrated among members of ethnic minorities, especially women from south Asia and southern Europe, and London is a centre for these groups. Secondly, the industries which employ homeworkers are disproportionately concentrated in London: clothing, toys, electrical goods, office work and mailing services are all large London industries. While some homeworking is contracted out from London to other parts of the country, the availability in London of a large pool of labour with few other employment options, quick turnaround and low transport costs means that much of the work is contracted to homeworkers in London.

17.07 A survey of the Cypriot clothing industry in north London indicated that in 1984 homeworkers made up to 60% of the total workforce in the industry; there is no reason to believe that this ratio is any smaller in most of the rest of the London clothing industry. In 1981 registered employment in London clothing, which excludes nearly all homeworkers and many factory employees, was 29,000. At a conservative estimate, therefore, there are 30,000 to 40,000 homeworkers in London working in the clothing industry alone. Including all industries, if we assume that the proportion of homeworkers in the total workforce in London is twice the UK average, and take a UK figure of 300,000 to 600,000, we can make a rough guess of the number of homeworkers in London as between 75,000 and 150,000.

17.08 Many of the organisations involved in campaigning work with homeworkers have however largely abandoned attempts at quantification, arguing that until a basis of trust can be established with homeworkers, allowing them to 'come out' and declare the work they are doing, no accurate counting of their numbers will be possible.

The increase in homeworking

17.09 A new piece of research, commissioned by the GLC, has approached the problem of counting homeworkers from a different angle. The study, by Swasti Mitter of Brighton Polytechnic Business Studies Department, is based mainly on research on the clothing industry, which is probably the biggest employer of homeworkers, especially in the Bengali and Cypriot communities of east London. Mitter contests the argument, put forward in the *Employment Gazette* article quoted above, that manufacturing homework is now a relative rarity. She does so on the grounds that there has been a massive transference of jobs from the formal sector to the 'grey' economy of the informal sector; jobs which, by definition, cannot be recorded in official statistics. One orthodox assumption has been that the industry's response to declining profits and Third World competition has taken the form of increased productivity. The official statistics for the UK clothing industry do indeed show a rapid increase in productivity in the 1970s. However, these statistics also show a decline in the rate of investment from 1974 onwards. A study, funded by the Overseas Development Association and the International Labour Organisation, carried out by the Sussex University Science Policy Research Unit, accepts the published statistics as valid and argues that there has been a rise in productivity, and that this has been accomplished by scrapping old machinery and shedding labour. Mitter argues that in fact technical change in the clothing industry overall has been relatively slow and that, rather than rapid scrapping, there is a buoyant market in secondhand industrial sewing machines. The apparent growth in productivity is to be accounted for by a decline in *officially registered* employees in the industry, which is accompanied by an increase in

the number of 'invisible' workers in undeclared workplaces, particularly the home. The likely explanation is that much of the productivity increase is illusory, as the official statistics fail to include a large number of the 'invisible workforce', in the shape of the homeworkers, that the industry employs.

17.10 Using the official statistics for just one part of the clothing industry, women's wear, children's wear and lingerie, the *change* in the number of unregistered workers, principally homeworkers, during the period 1978-83 can be estimated. Mitter assumes that productivity in this sector, which is the least technologically advanced part of the clothing industry, was constant during this period. The trend in UK output should then have been followed by the trend in true employment. Registered employment fell below this trend; the difference in this from true employment then, if her theory is correct, shows the change in unregistered employment. On this basis she estimates that between 1978 and 1982 there was a rise in (equivalent) unregistered jobs of 17,200 in Britain as a whole; if allowance is made for the lower average output of homeworkers, estimated at 30%, this figure rises to 22,000. If anything this underestimates the rise, since there has probably been a corresponding rise in the proportion of output that is not officially reported. Even on the conservative assumption that in this sector London has only an average proportion of homeworking, this would give a rise of 8,000 in the number of homeworkers in this sector in London over these four years alone. However a sharp fall was found in the apparent numbers of unregistered workers in 1983, an indication of the volatility of work in the unregistered sector.

17.11 The increase in unregistered working arises from changes in the strategies of clothing retailers and manufacturers. The clothing industry is structured on the basis of a concentration of economic power in a small group of large retailers, together with a system of production which is decentralised among a large group of small and fiercely competing manufacturers. (See chapter 4 on Clothing.) Homeworkers are on the end of this exploitative and casualised chain of sub-contracting. Channelling work to homeworkers has been the most obvious management strategy for reducing costs, especially since 1979. When the clothing market collapsed in 1979, the initial strategy of the retailers was a move towards cut-price garments. This accelerated the shift from factory to homework. Since about 1981, work has been brought back to Britain from the Third World, to obtain faster turnaround and greater supervision of work by retailers.

17.12 Although changes in technology have not yet greatly affected the production processes in the clothing industry, except in very large manufacturers, they have affected retailing: computerised methods of stock control and communication have given retailing chains the possibility of responding rapidly to fashion changes. But this depends on them having access to suppliers who can modify an order rapidly. It has given suppliers within Britain an advantage over Third World suppliers and has meant that in the fashion sector of the industry there has been some reversal in the trends of the international location of production. The use of homeworkers has facilitated

this process, by decentralising production and providing access to a captive labour force.

17.13 There is also some direct evidence for the increase in homeworking in the clothing industry in London. The survey by Vassilos Mavrou referred to above concluded that in the London Cypriot clothing industry, the ratio of homeworkers to factory workers, on a rough guess, had shifted from 40% of the total workers in 1979 to 60% in 1984. This may have been a response not only to the trends just described but also to attempts at greater government control in the industry. It is easier to avoid the scrutiny of the Inland Revenue if work is shifted from recognised work places to the hidden workforce of homeworkers. In 1981-2 the Inland Revenue Fraud Squad was active in north London. Many factories declared themselves insolvent to avoid detection; others reduced their permanent workforce by resorting to homeworkers. Similarly, in 1981 many of the factories and sweat shops around Brick Lane were closed down. According to Mitter, the level of unemployment among Bangladeshi men was between 60 and 70%. At the same time, the women experienced a rise in the supply of machining work coming to their homes.

17.14 While the rise in homeworking in traditional manufacturing sectors is not officially or widely recognised, it is well known that there is currently an increase in homeworking in the service industries. Homeworkers already address envelopes and type. In addition, newer forms of computer-related work are being carried out at home, usually, as in the traditional activities, by women formerly employed at the firm's premises. These women are for the time being mainly skilled computer professionals, employed in programming and systems analysis; a few are employed in clerical work associated with the new technologies, such as word processing and data entry. The cost of connecting a remote computer terminal in a home to the central computer in the office is still much too high for the practise to be widespread. But to the extent that networks become available it will be possible to shift routine clerical jobs from offices into homes.

17.15 The Low Pay Unit's 1984 report *Sweated Labour* compared the results of its survey of 'new' homeworkers carried out in 1982 with the conditions of a group of traditional homeworkers surveyed in 1983. Although the 'new' homeworkers were of course comparatively well paid, the report found many similarities between the two groups. In particular it was clear that the position of the 'new' homeworkers was worse than that of employees of comparable skills working within offices: hourly wage levels, for example, were on average £2 lower for homeworkers than they were for office workers. The report concludes that the conditions of traditional homeworkers are liable to spread to the new areas: 'When such new technology homeworking extends to more humble office jobs, as it is likely to do with the advent of cheap cable networks, then large new categories of low paid workers could be created.'

17.16 It is clearly not the case that all current trends are towards an increase of homeworking. There are processes which may be working in the opposite

direction. In the clothing industry, for example, retailers are bringing back work to the UK not only to obtain faster turnaround time but also to obtain greater supervision over quality control and implementation of design changes in contractors. Similar changes appear to be taking place in many other industries, where greater emphasis on quality competition is leading retailing and manufacturing companies to seek closer supervision over their suppliers as well as faster turnaround times. The traditional methods of quality control in homeworking are withholding of payment for 'inadequate' work, in a few cases returning the goods for re-working, but above all the threat of not sending any more work. It may be difficult for firms to use these methods for some types of work requiring guaranteed quality and fast turnaround time. In these types of production, then, the employers may stop using homeworkers and bring work back into the factory or office.

Captive labour

17.17 Most women work at home because they have to. Practically all of the surveys of homeworkers, both local and national, including those carried out by the Low Pay Unit, have found that they are concerned almost exclusively with women. This is simply because the single most important reason given by homeworkers for working at home is the need to look after children, and this task is still overwhelmingly undertaken by women. This does not mean an increase in freedom for these women; it is, on the contrary, the major reason why homeworkers constitute a captive labour force which can be paid low wages and can be relied upon to accept whatever work and conditions are available. A systems analyst, interviewed for the Low Pay Unit in 1984, gave 'being with the children all day' as the main advantage of homeworking. When she was asked what the main disadvantage was, she replied: 'Being with the children all day'. The disadvantages affect not merely the women, but their children as well. It would be hard to argue that it is better for the children to spend their days at home with a mother who must work long hours for meagre rewards, than it would be if proper childcare facilities were available.

17.18 In a minority of cases, homeworkers have physical or mental disabilities which may make it difficult for them to get jobs outside their homes or which may limit their mobility. Thus, in a research paper published by the Department of Employment in May 1981, *Qualitative Research among Homeworkers*, one woman was quoted as follows: 'I've got a green card [epilepsy] and as soon as employers see that, they don't want to know. I even got the sack from one firm when it got out ... I tried for several jobs, GPO telephonist and so on ... then I thought of working at home.' Another said: 'I couldn't really work outside ... or at least it would be very difficult ... because of my disability [paralysis]. Although I *would* prefer it once my child is older ...'. A woman with arthritis in her legs said: 'I'd rather work than not work. If my husband was well off I'd probably do charity work or something ... But travelling outside the

home is out because of my arthritis, so I've no choice.' Another homeworker was reported to have felt uneasy about the prospect of working outside the home after a nervous breakdown.

17.19 A large proportion of the women who work as homeworkers in London are from immigrant communities. In the clothing industry they are mainly from the Cypriot community but also Asians who live in east London and Southall. These women suffer from greater discrimination than white women do in the labour market outside the home. They also tend to provide a captive labour force for other reasons, connected to the traditions of the extended family among Asians or of village and ethnic loyalty among Cypriots. Recruitment of homeworkers is generally undertaken through personal recommendation, often by men from their families and communities working in the factories, and may be considered as a favour. As Mitter puts it, 'the workers are tied to their employers by an extra-economic bondage ... In a hostile white world, many of the migrant workers are afraid to incur the wrath of "their own men"'. In an economy where the employer-employee relationship is underpinned by the ethnic and familial network, a woman may find it difficult to get work if she is identified with "disruptive" or "unionised" elements.' The men themselves resorted to setting up on their own, using the labour of their wives and families, partly as a survival strategy in the face of the hostility they encountered in the white-dominated London economy. Both men and women are affected by the pervasive insecurity induced by the immigration legislation, which forces them into concealment and makes them unwilling to declare their work. When the recession led to the closure of many of the factories around Brick Lane in 1981, many Bangladeshi men found it impossible to claim state benefits. Bangladesh families were forced to rely completely on the earnings of the women as homeworkers. 'Trapped between the racism of the host community and the sexism of their own,' says Mitter, 'women of the ethnic minorities offer the advantages of Third World labour in the middle of the First World.'

Wages and conditions of homeworkers

17.20 Not surprisingly wages in homeworking tend to be very low. There are again few adequate statistics. Information on wages is based on a number of isolated surveys and samples. There is the additional problem that, as homeworking is normally done on piece rates, many homeworkers have only a very rough idea of how much they actually make in an hour. The Low Pay Unit's sample, collected for its 1984 report, *Sweated Labour*, had national coverage but was not claimed to be necessarily representative. The hourly rates calculated ranged from 7p to £4 an hour; a third of the traditional homeworkers earned 50p an hour or less and just over three-quarters earned £1 or less. A Department of Employment survey carried out in 1979-80 found that 30 per cent of a sample of 50 homeworkers earned 50p an hour or less and 54 per cent

earned £1 or less. The House of Commons Select Committee on Employment recorded in 1981 rates of pay as low as 10p per hour. A case study of homeworking for a firm in Southwark, involving the folding and glueing of manilla type files, found that for a 'simple' version of the work, the pay per hour was 33p; for a more complicated version, it was 24p; these rates were based on estimates of the amount of time it took to work on a specific number of files for which the rate of pay was known. (This work was ultimately supplied to a number of major firms and institutions, including Pearl Assurance and the DHSS.) The going rate for handknitters is 25p to 50p per hour. In many of the other cases recorded, the rates of pay, for example 30-50p for machining a skirt, are known, but no information is given on how long it takes to make the skirt. Approximately 10% of homeworkers are in principle covered by Wages Councils, but even for these workers the regulations are not widely enforced, and the Wages Councils are themselves now threatened with abolition. The Low Pay Unit reported that 80% of establishments in the Department of Employment's survey of homeworking employers reported variations of the number of homeworkers employed over the year, with one-fifth experiencing 'quite dramatic fluctuations' in the numbers employed. Moreover, because the market for homeworkers' labour is clandestine, hidden from homeworkers themselves, there is also an enormous variation in rates of pay for the same kind of work. A recent meeting of shop stewards in the clothing industry found that the price paid for machining identical women's jacket linings was 6p from one London firm and 20p from another.

17.21 These figures do not fully convey the poor remuneration received by homeworkers. Homeworkers are responsible for their own heating and lighting costs and the cost of powering their machines; in most cases they have to buy or rent their own machine; in many cases they have the expense in time and money of fetching and delivering their work. Moreover, the level of piece rates received, as well as the volume of work is highly volatile. When work is scarce, employers know that they have a buyer's market and can cut rates. In many industries homeworkers are partly used for overflow work in times of peak demand and cut off when orders are slack. Mitter, in her survey of Bangladeshi clothing homeworkers in east London, recorded that during the summer of 1981 piece rates were cut in half in six months.

17.22 These fluctuations help to undermine homeworkers' employment rights. But many of them do work enough hours, and over long enough periods, for them to qualify in theory for many statutory employment rights. A Department of Employment research paper on homeworking, published in 1982, found that two-thirds of homeworkers working in Wages Council industries worked more than 16 hours a week, and many of them for more than two years, the minimum requirements for maternity benefits, protection against unfair dismissal and other rights. But the Low Pay Unit reports that: 'local studies find that the majority of, if not all, homeworkers surveyed are treated as self-employed or "casual" by employers and therefore would face difficulties in claiming any statutory entitlements, and few enjoy the sorts of employee benefits available to in-house staff. Both the Leicester Outwork Campaign and Hackney Council found that none of the homeworkers in their

surveys received any sick pay, redundancy pay, guarantee pay, or other basic entitlements from their employers.' In the Low Pay Unit's survey of new technology homeworkers, it was found that over four out of five regularly worked more than 16 hours a week. Another three homeworkers were paid for 15 hours although they often worked overtime, 'presumably a deliberate strategy by employers to minimise employment rights.'

17.23 Most employers, however, get round this problem simply by insisting that homeworkers are self-employed. The result is, usually, that nobody pays their National Insurance or income tax. Although some workers earn too little to be liable for tax, the semi-legal status of many homeworkers adds to their feelings of insecurity and therefore to their vulnerability. The problem of fear of the Inland Revenue is compounded, for migrant workers, by fear of the immigration authorities. Some are on social security and afraid, sometimes without justification, that they are exceeding the earnings limits. One homemaker was quoted in the magazine *Outworkers' Own* (March 1984) as follows:

I do not think the authorities encourage people to be honest and declare their work. In any case, my husband is on a very low wage, so we are in receipt of Family Income Supplement. So I work to help pay for the children's shoes, etc., but whatever I earn is deducted off FIS so in actual fact I end up working for nothing. To me it seems there is no way out of the poverty trap, as the more I earn, the more is deducted from FIS.

Other homeworkers fear eviction from their flats or houses if the council or private landlord knew that they were working in them. Homeworkers are therefore trapped in illegality or the fear of it. Their fears account for the unwillingness of many homeworkers to declare their work and make it harder for them to obtain their rights. They also make it harder for trade unions, wages inspectors and others who might help them to contact them.

17.24 In addition, homeworkers are sometimes exposed to dangerous substances, for example the glues used for their work; their work may involve dust; the machines they work may be serviced inadequately or not at all. The 1974 Health and Safety at Work Act included homeworkers in its provisions, but no procedure was laid down for its implementation. The Health and Safety Commission eventually produced regulations to cover homeworkers in 1978 and 1980. But both drafts were withdrawn because they allowed for discretionary use in the home of several substances banned outright in factories such as asbestos, mercury, carcinogenic substances found in dyes, and radioactive substances; they excluded office-type employment despite the fact that on-site office workers are covered by the Act; and there were no penalties laid down for employers in breach of the regulations. No further proposals to revise the regulations have been published. Symptoms mentioned in homemaker surveys include headaches, eyestrain, hair falling out, backaches, stomach pains, eye inflammation, depression, stress and extreme tiredness. Clothing workers suffer from byssinosis ('brown lung') which arises from constant exposure to cotton dust; a symptom is chronic asthma. Children as well as their mothers suffer from exposure to the hazards associated with

homeworking; and the stress arising from isolation, fear and hard work for little pay is pervasive.

17.25 The government, nevertheless, finds that homeworking fulfils many of its ideals. Homeworkers are the ultimately flexible workforce, working for themselves with little state regulation. They are 'independent', 'free' to determine their own pattern of work. The boundaries of the home are further extended; women are expected to stay there, not only looking after, however inadequately, their children and relatives, and doing the normal work of the house, but doing their paid work at home as well. Thus women can combine the unpaid work which the government regards as women's 'duty' with a breadwinning role.

17.26 But the conditions endured by both homeworkers and their families make a mockery of this ideal. The lack of state regulation allows unbridled exploitation. The 'independence' of homeworkers means isolation from other workers and severe problems in collaborating with them. The use of the worker's own premises and machinery and self-acquired skills means a confinement to labour intensive, low paid work. The 'freedom' to determine work patterns in many cases means a nerve-straining combination of different tasks.

Strategies for change

17.27 Homeworking is likely to exist for the foreseeable future, perhaps on an increasing scale, and for some it is the only source of income. But the long run objective towards which the GLC wishes to contribute, is to make homeworking unnecessary. Very few homeworkers see working at home as anything other than a necessity forced upon them both by the unavailability of satisfactory provision for children and dependants and by sexual and racial discrimination against themselves. Homeworking provides, to a great extent unavoidably, a stressful, cluttered and often unsafe environment both for the women themselves and for their families. Even if the fear of illegality and other sources of insecurity could be removed, the social isolation of homeworkers carries its own dangers and inevitable stress, and presents a tremendous barrier to these workers organising for their rights and interests.

17.28 The GLC is working in various ways to enable all those who are seeking paid employment to find that employment outside the home. It is doing so through campaigns to provide better childcare facilities (see chapter 7 on Domestic Work and Childcare), measures to improve the in-firm employment opportunities of people with disabilities, campaigns to expose and combat racism and sexism, and the programmes of investment and intervention into London industry which will show an alternative to the exploitation and cost cutting strategies involved in the employment of homeworkers.

17.29 But until satisfactory alternatives are available, homeworkers need support to improve their wages and conditions. There are two necessary strands to a strategy that can strengthen the position of homeworkers. First, homeworkers need support in organising to be able to fight for their rights. No group of workers has radically improved its conditions of work without collective organisation, and improvements in conditions for homeworkers cannot and will not simply be bestowed 'from above'. Secondly, numerous changes are needed in the law. Such changes are needed not only to improve directly the conditions of homeworkers, but also to alleviate the insecurity and fear that prevent homeworkers from demanding their rights. The two types of change are mutually reinforcing and need to proceed together. Stronger organisation among homeworkers will increase pressure for legislative change and will make it possible for existing legal rights actually to be enforced, while changes in the legal position of homeworkers will make it easier for them to organise.

The legal framework

17.30 During the 1970s and particularly after the setting-up of the Low Pay Unit in 1974, there was increasing publicity about the plight of homeworkers, and surveys revealed something of the extent of low pay and discrimination. The 1974-9 Labour government made some response to the growing concern about homeworkers. It attempted to strengthen the work of the Wages Councils. A Wages Inspectorate Homeworking Unit was established with at least one wages inspector in each of the regions responsible for investigating homeworkers' wages. But there is considerable doubt whether this institution has fulfilled its functions; and since 1979, the number of wages inspectors has been reduced by one-third overall. The Labour government also set up a Homeworking Advisory Committee including representatives from the CBI, the TUC and others, chaired by the Under-Secretary of State for Employment. Its aim was to monitor the work of the Homeworking Unit and keep under review what further action might be needed. It met twice up to 1979 and has not met since. At the House of Commons Employment Committee in 1981, Norman Tebbit, the Secretary of State for Employment, commented that 'the scope for useful work of an advisory committee of this nature was limited, and we are not convinced that any useful purpose would be served by resuscitating it at present.'

17.31 A private member's bill (the Homeworkers' Protection Bill) was introduced twice in the House of Commons before 1979 but was defeated on both occasions. It aimed to improve the protection for homeworkers by giving them automatic employee status and thereby giving them the same rights as other workers. Homeworkers would have been able to obtain a statement of terms and conditions of employment, itemised pay slips, the right to claim

compensation for unfair dismissal or redundancy and entitlement to maternity leave and sick and holiday pay. The Bill would also have included homeworkers under the provisions of the Equal Pay and Race Relations Acts.

17.32 As a result of the greater publicity about homeworking in recent years the House of Commons Select Committee on Employment held an investigation on homeworking. Its report was published in 1982 and included recommendations which fell short of those in the proposed Bill; but even these have not so far been implemented.

17.33 Two types of change are urgently needed in the law as it affects homeworkers. First, to give homeworkers more effective legal protection against employers, and secondly, to remove some of the financial and legal impositions that the state puts on homeworkers. Under the heading of legal protection, homeworkers need to be unambiguously recognised as having the full status of employees and its associated rights, and health and safety legislation should be extended to them. The Wages Councils need to be strengthened in terms of personnel and powers, rather than abolished as the government presently intends. But the Wages Councils cover (even in theory) only 10% of homeworkers, and the many different minimum rates of pay in themselves make campaigning for enforcement more difficult. A national statutory minimum wage, explicitly applying to homeworkers, would therefore be a far more effective measure.

17.34 Of the impositions that the state places on homeworkers, the most important are financial. The social security system needs changing to end the 'poverty trap' whereby even small earnings from homeworking are (supposed to be) deducted from benefits. The currently very low threshold for the payment of income tax needs to be raised. Without these changes, many women will continue to be faced with the choice between working illegally and working for virtually nothing. The immigration laws mean that many homeworkers are afraid to 'come out' in any way. Finally, in the local government area, there are often blanket bans on homeworking in council houses; these could be modified to allow homeworking within limits of good neighbourliness, such as limits on the power of machines used.

Homeworkers organising

17.35 Until recently, the predominant attitude of the trade unions was merely that homeworking is a social evil that should be abolished. Little was therefore done by the unions to improve the situation of existing homeworkers. But the unions now increasingly recognise that homeworking is an evil that is here to stay, at least until practical alternatives are available for the women who depend on it. Especially since the late 1970s there have therefore been a number of attempts to recruit and organise homeworkers in various parts of the country. These have had some success. The unions involved are the Furniture,

Timber and Allied Trades Union, the Boot and Shoe Operatives, the National Union of Tailors and Garment Workers, the Knitwear and Hosiery Workers and the GMBATU. The GMBATU, for example, formed a homeworkers' branch in Devon. The women used the branch to bring their rates of pay in line with those of the local factory, gaining pay rises of over 40%. But it is clear that for most homeworkers the problems of union organisation are very great; the rate of unionisation among homeworkers is still negligible.

17.36 Much of the successful and more recent work carried out with homeworkers has been aimed at reducing their isolation and encouraging them to organise together for change. Local homeworkers' organisations have been set up, for example in Greenwich and Islington, and they have been supported by the GLC. The Greenwich Homeworking Project has helped workers to come out of their isolation by bringing them together to take action on the danger to their and their families' health from the glue they were using to make lampshades. They report as follows:

A woman making lampshades for a local factory brought us some of the solvent-based glue used in her work as she was very worried about it. It gave her migraine but her main anxiety was that with four children she feared they would be encouraged to glue-sniff. We had it analysed at the GLC and, in their view, as it is highly volatile it should only be used in controlled conditions, and the women should be given health and safety sheets regarding its handling. It can cause unpleasant symptoms, such as blurred vision, asthma attacks, vomiting, skin disorders and depression. A small ad in the personal column of the *Mercury* brought about a dozen enquiries from women. Some had stopped because of the effects, some were still working with it but anxious about their health and one woman who brought a second different sample was so angry that she stayed to work with us on the campaign.

We made posters in different languages illustrating the dangers of the glue and put them in shops and community centres. We talked to women in other organisations and have emphasised to women who still have to work with glue, how they can use it, while avoiding some of the hazards to their health. We gave an interview to the *Mercury* resulting in a full page article and together with the reporter visited the factory owner. He finally agreed to issue a health and safety sheet to all his 200 homeworkers.

17.37 In other parts of London, for example in Southwark, Haringey and Hackney, homeworkers and their supporters have collected evidence, gained inside information and contacted other homeworkers with a view to organising together; they have also leafleted estates and followed this with door to door canvassing. This type of work involves establishing the homeworkers' trust, to overcome their fear of any form of outside intervention, however well meaning. In addition, the GLC has sponsored research by Swasti Mitter on home working amongst Bangladeshi women in the East End of London, and the GLC is, in general, concerned that the extent of homeworking and the level of exploitation should be further recognised.

17.38 Some of the problems of homeworkers are derived from their own ignorance about such rights as they do possess and the possibilities for improving their situation. The GLC has therefore supported the production of a London-wide Fact Pack for homeworkers and their advisers. The Fact Pack will be translated into seven different languages and will include advice and information on health and safety, rights as a worker, claiming benefits, disability, immigration and nationality, organising together and joining a trade union and the availability of local help.

17.39 In June 1984 the Industry and Employment Branch of the GLC funded a national conference on homeworking held at County Hall. The conference was highly successful. The National Steering Group which organised the conference included homeworkers, local authority and GLC workers, community groups, trade unionists, academics and Low Pay Unit workers. The conference allowed a comprehensive exchange and pooling of national and local information. There were speakers on new technology, international perspectives, trade unions, and local homeworking campaigns.

17.40 The national conference adopted a Homeworkers' Charter, which is appended to this chapter. It also accepted a paper, prepared by the National Steering Group, which made proposals for action by trade unions, local authorities, grant-aided women's and homeworkers' organizations, community groups, the Labour Party, academics and researchers; this is also appended.

17.41 Before and after the conference the National Steering Group on Homeworking held a series of meetings for the labour and trade union movement on homeworking. As a result of this increased activity on homeworking, both in the trades union movement and outside, the Trades Union Congress decided that the TUC's Working Party on Homeworking should be reconvened to discuss recent research and campaigning activities, with a view to updating the TUC's statement on homeworking and taking into account the changing patterns of homeworking which have emerged in recent years. The newly convened TUC Working Party has met once and, in addition to those unions included in its membership previously, delegates representing workers in both the finance and new technology sectors have been included.

Training

17.42 The GLC has also been working on the question of training for homeworkers. At the moment their opportunities for training are virtually non-existent. But in order to improve the homeworkers' bargaining power with employers and to increase the possibility of obtaining alternative employment, training is essential.

17.43 GLEB has recently approved a sum of money to be made available for training homeworkers in the clothing sector. This is in recognition of the

particular needs of homeworkers for a specific form of training. It is directed towards groups of homeworkers, mainly from the ethnic minority communities, for example Cypriot or Asian women. What is envisaged is a 'rolling' programme where women could take up opportunities for training and sheltered workshop facilities and then move on to form independent workshops or co-operatives.

17.44 A pilot project has been operating in Greenwich and there is the possibility of similar projects throughout London. These will probably be attached to existing homeworking or women's employment projects or in areas where work with homeworkers has already taken place. Each unit will have good equipment and training facilities. It might use the back-up of an existing training facility, for example an adult education institute or polytechnic; but it will concentrate on offering training and facilities not currently available. It will be local, use the homeworkers' own languages, and have childcare facilities.

17.45 The training units will be particularly directed to upgrading the existing skills of homeworkers. They will also help to diversify the skills of homeworkers who want to form cooperatives, for example, training clothing machinists in traditionally 'male' skills such as pattern cutting. They will in addition teach English as a second language and provide training in marketing, distribution and management skills. They will offer training on up-to-date machinery and at the same time create a potential for generating income for the members of the homeworkers' group.

Purchasing and investment

17.46 The GLC is also concerned to ensure that the firms from which it obtains its supplies offer good pay and conditions to any homeworkers they employ. A homeworkers' clause is included in the Code of Practice on tenders and contracts, which stipulates, among other things, that piece rates paid to homeworkers should be equal to those paid to factory employees, that holiday pay and homeworkers' overhead costs should be paid, that homeworkers are properly informed of their rights and of health and safety precautions in using materials, and that they are free to join a trade union.

17.47 When suppliers apply for inclusion or retention on the approved list of contractors or suppliers they agree to comply with the homeworkers' clause. This is then monitored by the Contract Compliance Equal Opportunities Unit. GLC suppliers are provided with guidance notes on the Code of Practice which include explanation of the homeworkers' clause. Employers are also provided with advice sheets to provide to homeworkers which include information on health and safety, homeworkers' rights as workers, information on where homeworkers can get further advice, and on trade unions. The existence of published lists of suppliers within those categories known to use homeworkers has enabled local campaigns to monitor firms known to be suppliers to the

GLC. The GLC also intends to campaign among manufacturers and retailers to ensure that the firms they deal with comply with a Code of Practice similar to the one operated by the GLC.

17.48 GLEB is investing in some industries, such as clothing and electronics, which employ homeworkers. In investing in enterprises which employ homeworkers, GLEB has a policy of agreeing conditions similar to those contained in the Code of Practice for suppliers and can press in addition for homeworkers to have the full status of employees if they so choose. The possibility is also being investigated of funding by the GLC or the GLEB to firms which employ a large number of homeworkers to undertake training schemes in-house, along the lines described above for the homeworker training centres.

Policy adopted by the 1984 National Conference on Homeworking

Homeworkers' charter

The demands contained in this Charter are those made by homeworkers. The vast majority are women who suffer the triple burdens of childcare, housework and paid employment. Homeworkers are caught in the poverty trap and as such provide cheap, unorganised labour, especially for the sectors of industry which perpetuate the worst employment practices. Homeworking, especially in the new technology industries, both in manufacturing and the provision of services, is on the increase; it is now being promoted as the way of working in the future even by multinational concerns. It is clear that the bad employment practices of traditional industries are being imported into the newer ones to the detriment of worker organisation. Homeworkers, who are particularly vulnerable to racist and sexist exploitation, subsidise their employer's profits and there is no doubt that given better opportunities few homeworkers would work at home.

This Charter therefore demands that:

1. FREE ADEQUATE CARE OF DEPENDANTS IS AVAILABLE FOR HOMEWORKERS

A majority of homeworkers say that they are forced to work at home in order to look after children, or sick, elderly or disabled dependants, and that if adequate care were freely available this would enable them work to outside the home.

2. RESOURCES ARE PROVIDED TO ENABLE HOMEWORKERS TO MEET TOGETHER FOR MUTUAL SUPPORT, ORGANISATION AND CAMPAIGNING

Homeworkers live and work in isolated conditions with little or no opportunity

for exchanging information with each other, or for recreation. If homeworkers are to improve their economic status these resources must be made available.

3. EMPLOYEE STATUS IS GIVEN TO HOMEWORKERS

Lack of clarity about employment status of homeworkers has resulted not only in the casualisation of homeworkers' labour but also in the loss of other rights and benefits which depend on proof of employment status: e.g., sick pay, Unemployment Benefit, Maternity Benefit, Family Income Supplement, pensions, etc. In addition, homeworkers subsidise their employer's business by paying rent, rates, heating, lighting, running and maintaining their machines. The employer also does not pay any staffing costs, thus avoiding capital and revenue outlay.

4. AN END TO RACIST AND SEXIST PRACTICES AND THE REPEAL OF RACIST AND SEXIST LEGISLATION

The isolation and fear which homeworkers suffer are compounded by the laws, attitudes and practices of a society which is essentially racist and which denies the right of all women to participate socially and economically in it. Institutional racism and sexism informs the attitudes and procedures which exclude women and black and minority ethnic people from the benefits of the community to which they contribute.

5. THE ADOPTION OF A NATIONAL MINIMUM WAGE

The adoption of a national minimum wage for all workers is essential in order to end the super-exploitation of homeworkers, people with disabilities and other unprotected groups. One national minimum wage will eliminate the problems associated with the complicated Wages Council Orders and their present lack of enforcement.

6. THE AMENDMENT OF RELEVANT REGULATIONS TO ENSURE THAT HOMEWORKERS AND THEIR FAMILIES DO NOT SUFFER INJURY, DISEASE OR SICKNESS AS A RESULT OF THEIR WORK

Homeworkers use dangerous substances such as glues, fixes and solvents, unguarded machinery and VDUs in their home without the protection afforded all other workers. They carry the responsibility for the health and safety of themselves and their families which should by right be that of their employer. The Health and Safety at Work Act must be amended to include all homeworkers.

7. COMPREHENSIVE TRAINING AND EDUCATIONAL OPPORTUNITIES FOR HOMEWORKERS

Given the opportunity homeworkers prefer to work outside the home. Some lack the necessary skills and education to participate in the labour market; some are skilled in one process of production which may well be in a rapidly changing industry; some skilled workers may have been out of paid work while raising children and their skills need upgrading; some have never had the opportunity.

Recommendations by the National Steering Group on homeworkers

These were accepted by the 1984 National Conference, for action by the following organizations:

Trade Unions should:

- include homeworkers in all procedural agreements and those concerned with pay and conditions
- include homeworkers in all childcare demands and provision
- ensure the proper payment of nursery and other childcare workers
- monitor the introduction of new technology and control its devolution from workplace to home
- employ appropriate full-time female organisers to encourage membership of trades unions amongst homeworkers
- work with appropriate community organisations in promoting the interest of homeworkers
- examine the need for trades unions' structures to be more accessible to homeworkers

Local Authorities should:

- relax planning regulations to allow homeworkers to work at home
- where homeworkers are tenants of the local authority not treat homeworking as a 'business' by unreasonably withholding consent
- incorporate in the agreements for supplies and services the stipulation that homeworkers employed by the contractor or sub-contractor should be given terms and conditions no less favourable than their factory-based counterparts
- provide specialist advice and information for homeworkers in the forms relevant to homeworkers and in community languages
- when employing homeworking officers, employ women particularly from minority ethnic communities
- continue to fund voluntary sector projects promoting the interests of homeworkers
- provide acceptable childcare facilities for homeworkers
- provide appropriate access to alternative training and education facilities for homeworkers
- ensure proper payments for childcare workers
- carry out obligations under the Factories Act 1961

Grant-aided women's and homeworkers' organizations should:

- recognise the compounded problems of homeworkers and train themselves accordingly
- work with trades unions, community groups, women's groups, etc., in helping homeworkers organise, e.g., in producing homeworker-specific information etc., on benefits, health and safety, etc.

- work with trades unions, community groups, women's groups to present homeworkers' demands to local authorities, etc.

Community Groups should:

- recognise the economic/social needs of women/homeworkers represented by/in the group
- provide resources for women/homeworkers to organise separately
- be prepared to support women/homeworkers in presenting their demands to local authorities, etc.
- facilitate the access of women/homeworkers to trades unions, women's groups, etc.
- address the needs of homeworkers in their own areas of work

The Labour Party should:

- include in the manifesto the extension of employment protection to homeworkers
- amend the regulations and procedures under the Health and Safety at Work Act to protect homeworkers
- adopt a basic minimum wage which will benefit homeworkers in all industries
- retain the Wages Councils and extend their power to enable a better implementation of their Orders
- reconvene the Homeworking Advisory Committee and ensure that homeworkers are properly represented on it
- extend childcare facilities bearing in mind the needs of homeworkers
- extend access to training and educational opportunities for homeworkers
- work locally with trades unions, community groups, funded agencies, etc., in helping homeworkers to organise
- ensure that local authorities provide for the stated needs of homeworkers e.g., childcare, training, etc.
- commit resources to implementing policies which benefit homeworkers

Academics and Researchers should:

- in creating their methodology recognise the need to work as part of a community-based project/organisation or through local community workers who have the appropriate languages
- ensure that the results of their work are made available to those working with homeworkers
- continue where possible to contribute to the well-being of homeworkers by keeping in touch with the projects and homeworkers with whom they work

Proposals for action

1. The GLC will continue to support local homeworkers' campaigns.

2. The GLC and GLEB will provide training for homeworkers in local workshops with childcare facilities. These can help homeworkers in setting up their own co-operatives.

3. The GLC will ensure that all of its suppliers and contractors comply with its Amendment to the Code of Conduct for Tenders and Contracts on homeworking, and will attempt to persuade others to do so.

4. The GLEB will ensure that all the firms in which it invests give any homeworkers they employ full employee status and pay for their homeworkers' equipment and overheads.

5. The GLC will continue to support and provide resources for trade unions and community groups in their efforts to recruit and organise homeworkers.

6. The GLC will support the provision of more childcare facilities with the aim in particular of enabling women to work outside their homes.

7. The GLC will continue to campaign against all forms of discrimination, including sexual and racial discrimination and discrimination against disabled people, in employment outside the home.

8. The GLC will campaign for changes in the law at a national level, both to give homeworkers the right to employee status and the benefits associated with it, and to remove some of the restrictions on homeworkers which increase their insecurity and fear, including immigration restrictions and problems associated with their tax and social security position.

9. The GLC, through its industry and employment policies, will demonstrate that, through investment, the viability of firms can be increased without resorting to cutting wages.

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**Section Five:
SWEATED TRADES
AND SERVICES**

**18.
Cleaning**

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[Image removed at request of London Metropolitan Archive as a condition of digital distribution.]

School cleaner in Wandsworth. Cleaning provides an essential but under-valued service for Londoners and jobs for 125,000 people. Those who work for public bodies have slightly better conditions than those who work for contract companies. Many of these jobs are under threat as the government forces its privatisation strategy through.

Photo: Gina Glover/Photo Co-op.

Cleaning

Summary

1. **Cleaning provides essential but under-valued, and half hidden, services.** About 125,000 people are employed in cleaning work in London. The work is carried out mainly by women who must fit in their working hours around the needs of their children and other relatives. The hours, pay and conditions are bad and getting worse. Employers cut costs by employing cleaners on a part-time basis to avoid having to provide security and benefits. The work is solitary and sometimes dangerous.
2. **The government's strategy for cleaning is privatisation.** The enforced privatisation of public sector cleaning provides cleaning contractors with a new source of profit and the government with cuts in public sector employment. With the withdrawal of the Fair Wage safeguards, the effect of privatisation on pay and conditions has been particularly devastating. And the services private contractors provide have proved to be greatly inferior to those they replace, sometimes, as in the case of hospitals and schools, with dangerous consequences. The cleaners themselves and their unions have struggled, at times successfully, against privatisation and the redundancies and wage cuts resulting from it.
3. **The GLC supports the opposition to the contracting out of cleaning services and campaigns to improve the conditions of cleaning workers.** It has organized a training programme for County Hall cleaners in working time. It is committed to the view that the best means of regulating conditions in the industry is strong trade union organization and it is also campaigning, as in other low-paid sectors, for the improvement of wages and conditions and for a national minimum wage.

Cleaning

18.01 Cleaning is a general term which describes a wide range of jobs and services. They are large and small scale, private and public, domestic and commercial. The services which cleaners provide range from specialist technical or heavy industrial cleaning (often very large scale) to personal laundry or domestic cleaning. For the purposes of this chapter, cleaning refers to services provided for a wage (but see chapter 7 on Domestic Work and Childcare). In 1981 there were about 125,000 such workers in London.

18.02 The activities have one major common feature: they are not highly valued. There is clearly a connection between women's work in the home and what it is considered suitable for women to do on low pay outside the home. Although nearly half of the jobs classified as cleaning jobs are done by men, they tend to be the better paid and more secure jobs, especially jobs in the public sector which have been regularised and are less badly paid. Men mainly work collecting dustbins, cleaning parks, sweeping streets, cleaning trains. Women employed in cleaning are at the bottom of the pile, even of cleaning. Most of them work part-time. Of the cleaners who work on contract, and therefore with least security and worst pay and conditions, over three-quarters are women, and less than 10 per cent work full-time. Many are from ethnic minorities.

18.03 If it were possible to gather together all the people who are at present busy cleaning London, a great unreckoned multitude would assemble who are directly involved: housewives, private servants, agency helps, home helps, street cleaners, workers in parks, hospitals, schools, cleaners in offices, banks, police stations, fire stations, factories, warehouses, cleaners of the outside of buildings, pest controllers, public laundry and laundrette workers, dry cleaners, drain-unblockers, sewage workers, public health workers and grave-diggers are some examples. Less directly there are people manufacturing, packing, advertising and distributing cleaning products and utensils.

18.04 Although these workers are rarely thought of in relation to one another, are employed by public and private concerns, work inside and outside the home, join different unions or no unions and are classified in a variety of employment categories, they are all cleaning. Imagine if this mighty 'Grime Squad', this vast hidden force, combined and refused to clean until the use and value of their labours were recognised, re-organised and rewarded fairly. Murky streets choked with rotting refuse, our dead unburied and dishonoured, factories and rivers full of industrial waste, offices spilling paper and damp with soggy tea-bags, lavatories over-flowing, water a health-hazard, rats, mice, lice and fleas flourishing even in the best 'establishments'. The rebellion of the cleaners would make London an ecological and social nightmare, the terrible revenge of the invisible made manifest. Cleaning is noticed when it is not done rather than when it is done.

18.05 Meanwhile, the conditions faced by cleaning workers are being made

worse as they are for many other workers by increasing pressures towards casualisation and low pay. Contract cleaning firms employ nearly half of the cleaning workers in London, and their numbers have been increasing: in 1978 there were 50,000 contract cleaners in London; by 1981 there were about 58,000 and since then, under current government policies, the numbers have certainly increased. Terms and conditions of employment for contract cleaning workers are worse than those for directly employed cleaners, and are among the lowest in the workforce. The industry is highly casualised, with a high turnover of staff, great reliance on ethnic minority labour, and only a small minority of contract cleaners organised in trade unions.

18.06 Cleaners employed by private contractors to clean government offices had to be paid wages comparable to those of direct cleaning employees until September 1983, when the Fair Wages Resolution of 1946 was repealed. There is now increasing pressure from the government for cleaning in the public sector to be put out to private contractors. The pressure comes partly from the private contractors themselves, who face shrinking markets in the private sector. The government also explicitly hopes that contracting out and deregulation of wages will lead not only to cuts in public expenditure but also to substantial wage cuts and thence, the rationalisation goes, to more jobs. The workers are to be forced by 'the realities of the market place' to work on any terms they can get.

General issues affecting cleaning work

18.07 There are general issues in cleaning work which face all cleaners and cleaning management, no matter what the basis is of their employment. These issues are important ones, and they are of special concern because they involve some of London's most vulnerable workers — women, people from ethnic minorities, workers with disabilities. These workers are 'disproportionately represented' in cleaning and other ancillary work — meaning that they are trapped more than others into this area of low status, low-paid and much neglected employment, for want of other jobs or access to training and childcare facilities.

18.08 Cleaning work is also done, shamefully, by some children. In 1982 the Low Pay Unit published a survey of child labour in London. Nine hundred and forty-one schoolchildren between the ages of 11 and 16 were surveyed in six inner London schools. Cleaning was high on the list of jobs the children said they did. Almost one in ten of the children who went out to work said they were cleaning in offices, hotels or homes, sometimes accompanying parents and helping them with their work. A few also worked in dry-cleaners or launderettes. Cleaning jobs were the largest single category of employment for the girls interviewed in the survey.

18.09 Cleaning is one of the lowest paid jobs. Basic hourly pay in 1983

Table 1: Percentage of firms* giving various holiday allowances by category of worker

Category of worker	% giving no paid holiday	% giving up to 1 weeks paid holiday	% giving more than 1 but not more than 2 weeks paid holiday	% giving more than 2 but not more than 3 weeks paid holiday	% giving more than 3 weeks paid holiday
Cleaner working less than 16 hours weekly with 6 months service	58	32	10	None	None
With 1 years service	12	35	48	4	1
With 2 years service	12	21	54	11	2
Supervisor working less than 16 hours weekly with 6 months service	12	40	35	8	5
With 1 years service	None	19	48	27	6
With 2 years service	None	7	45	33	15
Cleaner working 16 or more hours weekly With 6 months service	42	30	25	1½	1½
With 1 years service	None	19	56	19	6
With 2 years service	None	10	55	23	11

Source: ACAS earnings survey September 1979

averaged around £1.70 in the private sector, and £2.12 in the public services (including London Weighting). This compares with averages for London workers as a whole of £3.50 for women and £4.86 for men. Unionised cleaners tend to fare better than those who are unorganised, with some of the highest hourly rates being in the film, television and exhibition industries. But hourly rates alone are poor indicators of cleaners' actual weekly earnings, which vary greatly from one employer to another. Contractors usually pay flat-rate only (averaging between £1.60 and £2.00 per hour in London) whereas cleaners whose pay is part of an integrated grading structure may also receive London Weighting Allowance, local bonus or incentive schemes, and minimum earnings supplements. Cleaners' earnings potential is severely restricted, however, by their limited working hours.

18.10 Fringe benefits are variable, and make a substantial difference to actual annual earnings for cleaners. Where workplace-wide or national negotiating agreements include cleaning staff in the grading structure and bargaining procedures, the position of cleaners is greatly improved. Cleaners tend to benefit from improved fringe benefits, such as sick pay, holiday leave and pension entitlements, as a result of their inclusion in the wider grouping.

18.11 By contrast, contract cleaners tend to receive few fringe benefits (see Table 1 for holidays, for example).

18.12 Unfortunately, part-timers are often excluded from fringe-benefits. Agreements which provide for part-time workers to be treated on an equal basis with full-timers (pro rata) and for 'single status' employment, giving all grades of staff common entitlements to fringe benefits, can improve cleaners' position considerably. Fringe benefits for part-time contract cleaners are either non-existent or compare very unfavourably with those of direct labour, especially cleaners employed directly by the public sector.

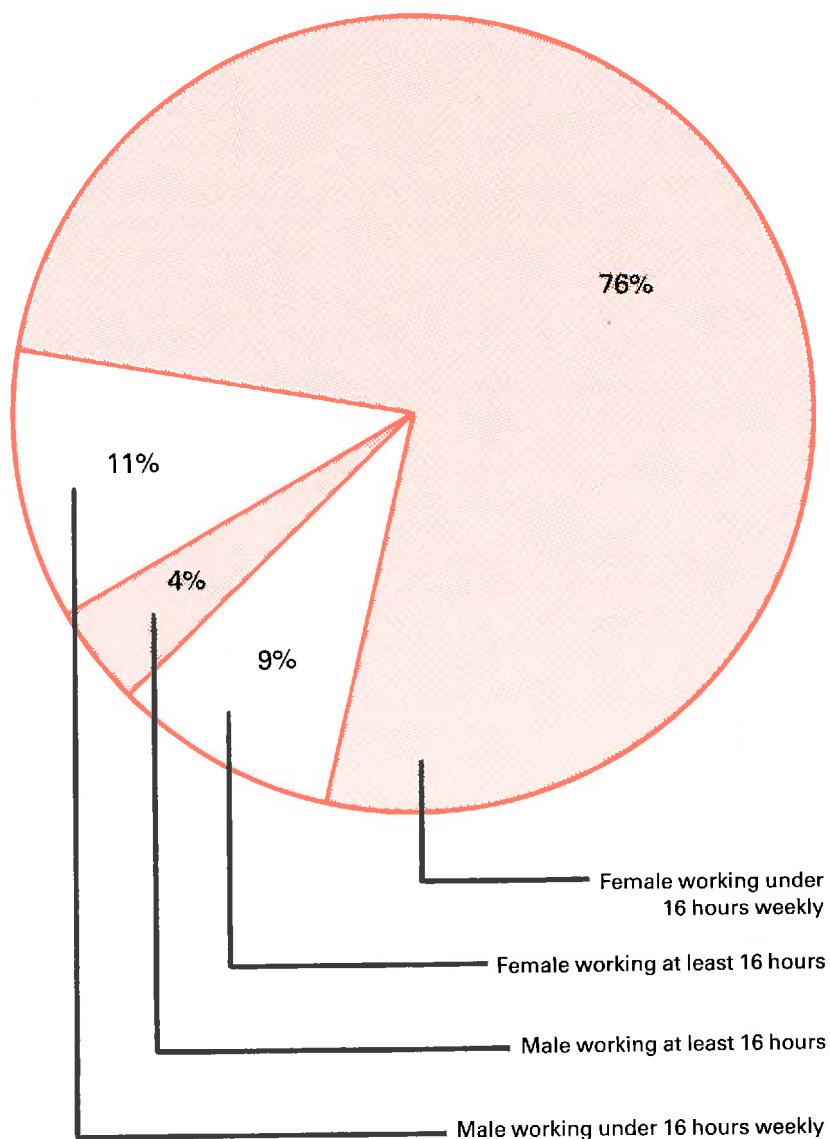
18.13 Working hours are especially important for cleaners. For example at Barking Hospital, under the new contract which started in April 1984, a three-week roster of rotating shift duties replaced the regular duties the cleaners were doing before. All but two of the domestics refused to accept the new terms when they were offered re-employment after Crothalls were awarded the new contract. The rostered duties varied very greatly from the old arrangements. The new hours reported by one of the cleaners were typical of many:

I was working before from five to half past eight, Tuesday to Saturday. I got roughly £40 before tax After that they gave me a rota which was worked over three weeks it was Monday to Friday, 7.45 am to 1.30 pm — that's the first week. The second week was Monday to Tuesday, 2 pm to 4.15 pm and 5 pm to 7 pm. Wednesday to Friday that same week was 2 pm to 4.15 pm. The third week was Wednesday to Sunday 5 pm to 7 pm.

One of the strikers said:

It's impossible with a family, changing round like that from day to day. I

Distribution of labour force by sex and type of working hours. ACAS earnings survey September 1979



can't afford the drop in hours ... I depend on my wages to pay my rent, I can't live on £26 a week, it's ludicrous.

It became clear that most of the workers were unable to fit in such working arrangements with their domestic responsibilities; they were effectively being sacked.

18.14 In general, cleaning hours are often unsocial. Many cleaning workers are employed either early in the morning or late in the evening, when other workers are at home. This isolates cleaners from other workers and any union organisation on the premises. It also makes for difficulties of supervision since many cleaners have to work alone, frequently unsupervised for long periods.

18.15 Part-timers are often disenfranchised from employment protection legislation because they work less than 16 hours a week. This lack of protection, unless replaced by effective trade union organisation, means that part-timers are vulnerable to unfair dismissal and cannot qualify for many of the basic statutory rights without five years continuity of service. The increasing use of part-timers on decreasing hours is another deregulatory factor in cleaning, leading to more casualisation, and is widely reported in analyses of tender documents where services have been privatised.

18.16 There is an important financial incentive for employers to make wider use of part-time workers on low weekly hours. If wages can be kept under £35 a week the employer stands to save on labour costs. This is because when an employee earns over £35 a week the employer has to pay national insurance contributions on the whole wage. Under this amount, the employer pays nothing to the National Insurance Fund. According to the Civil Service Union:

It is not hard for contract cleaning companies to keep wages below this level (providing they are not paying employees to cover other people's jobs in times of absence). The method is simple and involves manipulating the hours of the individual cleaners to keep the cleaners' wages down. This can be done by halving the hours worked by each cleaner, for example, by splitting shifts and using two separate groups of workers to do each part of the work, with a separate morning and evening shift. It can also be done by halving the cleaners' hours and doubling the workload or 'shift'. Done this way, the method is quite legal — although there are always problems when it comes to paying people to cover for other jobs.

18.17 The *Bath Weekly Advertiser* carried a report in 1980 of a statement by Mr John Croome, then Divisional Manager of Home Counties Cleaning (Western), in which he admitted that 'it was standard practice for contract cleaners to employ women on terms and conditions which fell outside the National Insurance Scheme'.

18.18 It means that employers can effectively discriminate in their treatment of part-time cleaners, providing they do not breach the Sex Discrimination Act or the Race Relations Act. Part-timers are more vulnerable to arbitrary treatment by bad employers, to unilateral changes in their terms and

conditions of employment, and to unfair dismissal. Cutbacks and competitive tendering for services inevitably means cuts in cleaners' weekly hours, even for in-house services.

18.19 According to the 1979 ACAS Survey the vast majority (75%) of cleaners are part-timers. A substantial proportion are women from minority groups or others who are at a particular disadvantage on the labour market. Language and childcare problems, other family responsibilities, disabilities or skin colour are what stop many cleaners seeking alternative, better-paid employment. As one cleaner put it, 'Women go into cleaning because it's all that's open to them'. Black women fare particularly badly. Most senior supervision and management is white and male, especially above the level of first-line supervision, and upward mobility is extremely restricted. Discrimination against cleaners is both indirect and direct. The generally poor level of union organisation amongst cleaners outside the public sector makes progress in this area very difficult.

18.20 Outside the GLC, and a few other enlightened employers, training for cleaners is virtually non-existent, although day-release courses are available and training in cleaning skills, techniques and health and safety is extremely important. Cleaners tend to be forgotten workers, since they have relatively little contact with other staff and work outside normal office hours. The popular view of cleaners' work as being 'like cleaning up at home' reinforces the neglect of the skills and experience that go into proper cleaning processes. This neglect often results in hidden costs to the 'user' in terms of increased maintenance costs due to unnecessary wear and tear on materials and plant which have been incorrectly or poorly cleaned. It can also result in risks to the health and safety of cleaning staff, other workers on the premises, and users. In the health services and in schools, these risks are particularly serious.

18.21 For example, at Barking Hospital in May 1984 strikers reported allegations by hospital staff that 'scab' labour had interrupted counter-infection measures on wards. Men employed to do cleaning were working without overalls and going into maternity wards (something that was never previously allowed). Infectious waste was being dumped with general rubbish. Floors were being left too wet for safety in busy areas like wards and kitchens, auxiliaries said. And one report alleged that wheelchairs on a geriatric ward, which would normally have needed cleaning daily because of incontinent patients, had not been cleaned since the strike began. Things went from bad to worse, with cockroaches being found in kitchens and in babies' cots on wards.

18.22 Cleaners complain of general neglect of their welfare at work. They are often excluded from normal basic training in health and safety and fire procedures, and many employers are ignorant of the risks associated with cleaning materials (e.g. dangerous chemicals commonly used in cleaning and disinfection procedures). Contract cleaners are particularly at risk, since they have no control over the workplace, and because health and safety measures are additional costs unlikely to be welcomed by contractors under pressure to minimise their operating costs. The generally poor level of union organisation amongst cleaners outside the public sector makes progress in this area very difficult.

18.23 Many cleaners are uninformed about safety policies, safe working practices, handling and identification of hazardous materials, or even the whereabouts of the accident book. Few cleaners take part in fire drills because they are not on the premises when these are carried out. Major safety concerns of cleaners in London are of exposure to asbestos and other harmful dusts in buildings, lack of protective clothing including gloves and overalls, harmful fumes given off by toilet and other cleansing agents, electrocutions and shocks from faulty or poorly maintained equipment, falls and injuries due to heavy lifting or accidents, infection risks, absence of heating or ventilation in workplaces (often switched off during cleaning hours) and solitary working, especially at night.

18.24 Many cleaners have to work alone, and this worries a lot of people. There is no-one to call for help in the event of an accident, and no proper supervision on hand. As one West London caretaker pointed out recently: 'What does a night cleaner do alone in a building if she falls downstairs and breaks a leg? She wouldn't be found till the morning or maybe at 5 am if the supervisor happened to call.' Cleaners are vulnerable if intruders enter the premises, or if a fire breaks out. A contract cleaner in a West End chain store complained that: 'We never had a fire drill or had the fire bells tested. There was no training in how to use the fire extinguisher, and we were not told how to get out if there was a fire.' Cleaners encounter problems with security staff, who sometimes act as unofficial supervisors in many instances and may have the right to evict workers from the premises, effectively dismissing them. They often have no redress, especially if they are working 'off the books' as many cleaners, particularly contract cleaners, do. Often the security staff also work for contractors, further removing control over their actions.

18.25 Some contract cleaners and other workers for private firms do cleaning work on an unofficial basis, and for a variety of reasons are not able or willing to declare their earnings. This extensive illegal or unreported part of the economy is not reflected in official employment figures, is not documented in statistical data, and makes attempts to quantify cleaning employment very unreliable. As women and part-time workers tend to be hidden from the unemployment records, so women in cleaning work, outside the official labour market, are also hidden. On the other hand, as the Civil Service Union reported in 1980:

It also has to be said that there have been many examples of contractors employing fewer cleaners than provided for in the contract. If challenged, the contractor generally has a plausible explanation ready, e.g., that staff are sick or that staff have left and he is still in the process of filling vacancies. The contractor, of course, continues to be paid his tender price even when he does not provide the number of cleaners specified in his contract ...

18.26 Sometimes employers resort to illegal payments, by the use of the 'sleeper' technique, to evade the liability for National Insurance contributions that would normally be incurred by giving extra work to low-paid cleaning workers. This involves paying people in false names — by cheque or cash recorded in a false name on the books. Thus some cleaning workers are trapped

by working illegally. Their understandable reluctance to join unions or protest against bad industrial practice is an important obstacle to organisation amongst cleaning workers.

18.27 There have however been many efforts to organise cleaners in the private sector, especially amongst the contract cleaning firms. The difficulties are enormous, because of the isolation and unsocial hours of many cleaning workers. Success tends to be limited to premises where there is a union organisation amongst the other staff. Sadly, many union members forget to organise cleaners into unions and, even if they do, union meetings and activities tend to take place at times when cleaners are not at work. Many cleaners are women with children at home to look after, and therefore there are many practical obstacles to their active involvement in union affairs. There is in addition a great need for more attention to be paid by unions to the problems of ethnic minority workers in cleaning employment, particularly to the question of language barriers and the need to distribute multi-lingual publicity materials about union membership, policies, and basic employment rights. There are, nevertheless, a growing number of examples of successful joint trade union campaigns to recruit, organise and support cleaning workers, in the defence of their jobs.

Serving the recession

18.28 These general problems have now been compounded by the current pressures for cutting costs through privatisation and contracting out. London has two cleaning markets: one for direct labour, dominated by the public sector; another for contract and casual labour, dominated by private enterprise. There is a long history of competition between them but until recently direct labour was standard for public services. Contractors provided services mainly to private industry, particularly in manufacturing and retail trades and offices. In-house services offered better conditions and greater security of employment.

18.29 Contract labour was widely used in the nineteenth century. Cleaners worked in gangs, cleaning public places and institutions. In-house cleaning at that time was literally just that — in private households, large and small. A third of London's working women (and young girls) worked as household servants. Although they were poorly paid, servants' status was higher than that of the street gangs because it was not casual work.

18.30 By the turn of the century there was growing concern about the plight of the poor and workers employed by contractors and the 'sweated trades'. Contract services were less popular, and many large employers used in-house services instead. It was cheaper and more reliable to cut out the middleman, the contractor. New laws were introduced aimed at controlling conditions under which many workers were employed, including the early Wages Councils and

the forerunner of the 1946 Fair Wages Resolution governing the employment conditions of labour on government contracts.

18.31 Between the wars, during the depression of the 1930s, contractors reappeared in government departments. Economies were being forced on government departments, and undercutting was rife. Harold Macmillan described the situation thus: '... there was a time when the Treasury forced so stringent an economy upon departments which were seeking always to find the little undercutting employer as a contractor ... to see whether they could obtain some small advantage by placing their contracts at some slightly lower price with second or third rate contractors ...'

18.32 Despite the changes brought about in service employment with a nationwide welfare state apparatus after the Second World War, contractors remained in public services well into the early 1960s. Their reputation was very poor, and many cleaning services were brought back in-house. Contractors provided services to the fast-growing office sector, and to local authorities on the maintenance and construction side with the building expansion programmes of the 1950s and 1960s. It wasn't until the aftermath of the 'boom' that the pressure by private contractors to find new markets was really on.

18.33 In the late 1960s and early 1970s, contracting out began again in earnest in government offices, affecting many of London's Civil Service cleaners. Inflation rose and the recession started to bite; the Treasury was again forcing economies on the public sector. Incomes policies and public spending cuts prompted widespread industrial action by ancillary workers, especially in the NHS. For cleaners, it was a decade, not just a winter, of discontent.

18.34 The pressures to cut costs were reinforced by the demands of the private contractors, many of which were big multinational companies with considerable clout. In the private sector, the economic downturn affected cleaning services sharply. Factory closures and relocation of offices and manufacturing units meant that lucrative cleaning and maintenance contracts were lost for the contract cleaning industry. Where the work remained customers' own economic pressures were being passed on to contractors through demands for lower prices and keener competition for contracts. Meanwhile contractors' maintenance and construction activities in the public sector were being hit hard by drastic cuts in capital expansion plans. New markets were needed urgently — but where?

Government policy

18.35 It didn't take long for the government to come up with the answer. Contracting out in the public services was the new 'quick fix' — it would provide new markets for private services, cut staffing levels in government departments (without too much fuss) at a stroke, and would undermine unions' bargaining power in the public services. There was plenty of support

for the government's new policy. Right-wing organisations such as the Adam Smith Institute and the Institute of Directors influenced government thinking, and they welcomed the move. They stressed the advantages of privatisation as a stick with which to beat the unions. Some obstacles remained in the way of more widespread competitive tendering for services in the public sector. These had to be removed, and the government acted promptly. First, it changed the rules applying to public service contracts exempting contractors from 15% VAT previously payable on their contracts. Then came the master-stroke: the 1946 Fair Wages Resolution, requiring contractors to match the pay and conditions of their staff with those applicable in the public sector, was rescinded. Within a few weeks, the government was renegotiating prices for its own cleaning contracts in the civil service. Contract cleaners' wages fell by 15-20% and any fringe benefits, such as holiday and sick pay, were also cut.

18.36 Meanwhile the government was putting its own house in order. Most Civil Service cleaning had already been privatised. The next target was the NHS. Contractors had been lobbying hard for this, pressing the DHSS for a share in the Health Service's £800 million market in ancillary services. A one-fifth share of this market would more than double the turnover of the entire private contract cleaning industry.

18.37 In September 1983 the DHSS circulated all Health Authorities with instructions to put all their ancillary services — cleaning, catering and laundry — out to competitive tender, to test their 'efficiency'. 'Efficiency' simply meant cheapness: the lower the price, the more 'efficient' the service. Quality or service standards were not mentioned once — the lowest bidder was to get the contract.

The local response

18.38 Not all the Health Authorities or local government bodies shared this enthusiasm for contracting out. Some either voiced strong reservations or openly opposed competitive tendering. But the strongest challenge came from the trade unions, from the workers whose jobs were being auctioned off. Theirs was a bitter experience. Outside the civil service — the testing ground for the current wave of privatisation — the first 'showpiece' contract to hit the headlines was Exclusive Cleansing's contract for refuse collection services with Southend Council. So confident were the contractors that they launched a £250,000 advertising campaign on the strength of it, aimed at persuading other local authorities to follow suit. Save money, cut out waste, was the general theme. Southend's redundant dustmen told another story. Job losses were substantial, conditions of employment on the new contract compared badly with direct labour and union activists were victimised. Workers on the new contract were hired and fired apparently arbitrarily, and safety procedures were ignored. Complaints about the service soon mounted up.

18.39 First under fire in London were the cleaning workers of Wandsworth.

In 1982 their jobs in the refuse collection and street cleaning services were privatised. There was a long and bitter industrial dispute which attracted much media attention but failed to change council policy. The strike around the privatisation of refuse collection services was significant. Over 1500 white-collar staff came out supporting the manual workers. After Grandmet had established its regular contract service, Wandsworth Council was receiving between 150-200 complaints *daily* from local residents about the failures of their services.

18.40 In 1983, reports of contractors' incompetence came to public attention as never before. London's ratepayers were having to meet the hidden costs of cheapskate services. In Merton, contractors were sacked from cleaning schools after a catalogue of disasters which left classrooms and children's toilets unusable and whole schools threatened with closure. The contractor, Academy Cleaning, had failed to clean the schools over the holidays and had tried to staff the contract almost entirely from young casual labour. Caretakers and local residents had been woken at all hours of the night by cleaners arriving at unauthorised hours without keys, setting alarm bells ringing and leaving buildings fully lit and unlocked.

18.41 In Kingston, where street cleaning was handed over to Taskmasters in 1983 for a promised saving of £100,000 a year, there was another debacle: the contractor had based the estimate of savings on the plan to clean the streets mechanically — only to discover the obvious: people in Kingston park their cars in side streets, and the machinery could not get between the cars!

Unhealthy competition

18.42 At Barking Hospital, where the longest-running cleaning strike ever has been taking place, the most extreme effects of competitive tendering have been felt. The domestics there have been on strike as long as the miners — since March 1984. And the two sides are as bitterly divided as in the miners dispute. Unlike other disputes involving contractors, the Barking dispute concerns cleaning services which have been in the hands of contractors for more than twenty years. It is the clearest illustration yet of the effects of competition on services — because the contractor who won the new cleaning contract at Barking Hospital was the *same* company that did the work before.

18.43 In order to win the new contract Crothall and Co. (a Pritchards subsidiary) had to undercut not only competition from other firms but also their own previous operating costs. They did this by halving cleaning hours, introducing flexible rostering, cutting pay and conditions, and manipulating cleaners' working hours so that in nearly every case their weekly wages fell below the level for employers' National Insurance contributions. Under notice of dismissal as the old contract ended, and faced with completely altered jobs,

Crothalls' domestics came out on strike and refused to operate the new contract.

18.44 The strikers, all members of NUPE or GMBATU, mounted a 24 hour picket outside the hospital gates, and have been there ever since. When they first came out they said the new contract was unworkable — for them and for the hospital. They have been proved right. Crothalls' inability to keep the hospital clean (three independent Health Inspectors have produced reports of appalling neglect of hygiene and cleaning standards) is not due to the strikers outside the hospital gates. (See paragraph 18.21.)

18.45 The real problem is the revised cleaning schedule and the way the firm priced itself into the hospital by slashing labour costs. Although the cost-cutting exercise won the work, Crothalls priced itself out of a reliable workforce — and out of the confidence of patients and other staff at the hospital suffering the consequences. The link between conditions of employment and service standards has never been clearer, and what has happened at Barking shows how damaging it is to underestimate the skill and effort that goes into the cleaners' work.

18.46 Changes in staffing at the hospital disrupted the whole hospital routine. Instead of fixed shifts following the same pattern from one week to another, with each cleaner having a regular workplace — a particular ward, clinic or other area — the work was divided by mechanical tasks (e.g. mopping, polishing, dusting, etc.) with domestics moving from place to place instead of being part of a regular team. There was also an increased risk of cross-infection; cleaning utensils — and any germs they picked up — were being transferred from one area to another. Neither staff nor patients knew who to expect on the ward at any one time, the faces were always changing.

18.47 Flexible rostering made matters worse. Cleaners' hours changed from fixed to varied shifts with the new schedule in an extraordinarily complex combination of different shift patterns spread over three weeks — cleaners were expected to chop and change their hours from day to day over the three week period. For women with families, it was impossible. (See paragraph 18.13.)

Alternative strategies

18.48 The contract cleaning industry has a notorious record of poor industrial relations, and some regulation is clearly necessary. In 1981, the government's conciliation service, ACAS, published a report recommending the setting up of a Joint Industrial Council to negotiate national agreements for the cleaning industry or, failing this, the establishment of a Cleaning Wages Council. If effective, this would have gone some way to curbing the worst instances of bad

employment practices. But now the government has announced its intention to disband the whole of the Wages Council machinery in 1985.

18.49 Some local authorities, including the GLC, have taken steps to include in their Standing Orders 'Fair Employer Clauses', along the lines of the now-defunct Fair Wages Resolution. The GLC, and its predecessor the LCC, have a long record of pursuing this policy in relation to contracts with the Council and its suppliers. However, although this practice is important and necessary, it is by no means the best way of regulating what happens to London's cleaning workers — first, because of the difficulties of enforcement (all you can do is sack the contractor, so the cleaners lose their jobs, or pressurise the contractor to comply with the terms, in which case there may be alternative means found to cut back labour costs); and second, because the only sure way of controlling the management of cleaning services is to use direct labour, so that management itself is directly employed, and accountable to those upon whom the service depends.

18.50 It would be wrong to suggest that all is well with London's in-house cleaning services. It is not, but in order to improve conditions it is essential to keep cleaning services in the hands of the people who have overall responsibility for the area or workplace that is being cleaned. When the interests of contract cleaning firms lie in minimising labour costs and maximising profits (which they have to do to stay in business on a competitive basis) and when the cleaning companies have an operational and managerial structure which spans a whole range of disparate industries, services, and geographical areas, there is bound to be a conflict between the interests and requirements of the customer (the user) and the supplier (the contractor). Furthermore, the duplication of management and supervision involved in contracting is both wasteful and inefficient.

18.51 The GLC is firmly committed to a policy of defending direct labour in cleaning services, and to reviewing contracting policy in any areas in which it has influence or control. It is bringing certain cleaning work in-house after years of using outside contractors; by 1985 all the courthouses for which the GLC is responsible will be cleaned by direct labour as will a number of fire stations.

18.52 At the same time the GLC has improved the Fair Wages clauses on its own cleaning contracts. With a better enforcement system this will directly benefit about 500 cleaners on GLC contracts who will now have the right to GLC pay levels and conditions. As their pay and conditions are improved, so other employees of the same cleaning contract firms will be in a better position to bid for higher pay; they may be able to reverse some of the cuts suffered as a result of the government's rescinding of the Fair Wages Resolution.

18.53 The GLC can help to support contract cleaning workers in doing this in a number of ways. For example, through the Association of London Authorities a common stance on contract cleaning is being developed so that the pressure on contract cleaning firms to pay fair wages can be intensified.

Through support for voluntary groups like the Low Pay Unit and the Service Workers Action and Advice Project (SWAAP), the GLC is trying to ensure that low paid groups of workers like cleaners get to know their rights and are in a position to organise in trade unions. The Council is anxious to help cleaners, trade unions concerned and any employers or other bodies who are interested in improving the organisation of cleaning workers and developing their services for the benefit of Londoners.

18.54 Special efforts are needed to improve the training and employment opportunities in London for women minority workers, people with disabilities or with poor command of the English language. The GLC has set up a major training programme, 'The Basic Skills Project', in working time for County Hall cleaners, which has been widely supported by staff and officers and has benefitted many cleaners in the GLC. This project was established jointly by NUPE and the GLC Equal Opportunities Unit.

18.55 Special efforts also need to be made to improve childcare facilities for the children of working parents in London. The GLC Women's Committee Support Unit is taking practical steps to fund new initiatives, especially at local level, for childcare and nursery provision. Although these will be of no use to cleaners who work early in the morning and early evening, they may give some women the opportunity to do work other than cleaning.

18.56 In campaigning for better working conditions for cleaners and other low-paid service workers in London, the GLC is committed to consulting cleaners and their representatives at all stages of policy implementation. As part of the campaign to improve conditions, the GLC is actively working through all relevant organisations and its own 'Public Services Campaign' to fight the privatisation of London's public services.

18.57 The GLC recognises the need to combat casualisation in cleaning work, and that the best means of regulating conditions in the industry is strong trade union organisation. To assist this process the GLC is helping, mainly through SWAAP, to produce publicity materials for cleaners, including multi-lingual materials outlining basic employment rights, and is helping cleaners, their representatives and other interested people to meet together to organise campaigning work. However, the GLC also recognises the need for regulation and control over cleaning employment and supports ACAS recommendations for the cleaning industry. The Council supports the campaign for a National Minimum Wage to protect the living standards of cleaners and other low-paid workers.

Proposals for action

1. The GLC opposes attempts to cut cleaning costs whether through cuts in the pay of cleaners or increases in their workloads. It recognises the need for stricter pollution control and of improvements in the design of buildings and furnishing to take account of the needs of cleaners and cleaning.
2. The GLC is committed to the defence and expansion of direct labour in cleaning. Direct labour is the only form of employment through which there is any possibility of raising the pay and status of cleaners and providing them with secure conditions of service. The pay and conditions of directly employed cleaners however remain far from satisfactory.
3. The GLC supports the enforcement of a national minimum wage which would substantially raise the level of cleaners' pay.
4. As an interim policy the GLC supports the ACAS recommendations for a national minimum for cleaning work based either on a new Wages Council with effective enforcement powers or a joint industrial council.
5. The GLC supports reform of the National Insurance system which would provide low paid part-time workers with rights to National Insurance benefits and would end the incentive of 'off the cards' work. It will also campaign for the extension of employment rights, including maternity pay, to all part-time workers regardless of hours worked.
6. Where contract cleaning remains, the GLC is committed to the maintenance/establishment of fair wages set to provide comparability in wages and conditions with in-house cleaning. This will require proper monitoring and enforcement procedures.
7. The GLC will encourage the unionisation of cleaners partly through support for projects like the Service Workers Action and Advice Project and the Low Pay Unit's Wages Rights Service and partly through the monitoring of union access for firms contracted to work on GLC properties.

8. The GLC also believes that part time women cleaners need much greater opportunities to enter other types of work. As part of its equal opportunities programme it is providing 'basic skills' training for its own workforce, many of whom are black women. The GLC is campaigning for better childcare provision to create wider opportunities for many part time cleaners.

9. The Contracts Compliance Equal Opportunities Unit will continue to monitor the terms and practices of GLC cleaning contracts for compliance with its policies.

10. The GLC recognises that, as an employer, it must continue to take a lead in improving the conditions of cleaning workers along the lines that have been outlined both as an aspect of its own employment policy and to lend it credibility in the campaigns that it supports more widely. This is crucial in the wake of the abandonment by the government of its own Fair Wages Resolution in 1983.
