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LONDON INDUSTRIAL STRATEGY

Greater London Council
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At the end of each of the chapters, there are proposals for action which follow from the arguments in the chapters. Action taken by the GLC and the GLEB to implement the proposals would necessarily have to be taken in accordance with their respective powers. In some cases the Council and GLEB would need to act by encouraging other persons and organisations to take the actions necessary for the implementation of the proposals.

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Foreword

When the history of Britain's experiment with monetarism comes to be written, the contrast between unmet needs and vast human and financial waste will be the theme.

The financial waste of London's unemployment is now two and half billion pounds a year in benefits and lost taxation alone. To include the value of lost output, this figure could be more than doubled.

The human waste is the loss of precious skills of our unemployed engineers, builders, carers and curers. It is also the waste of those who have never worked and may never do so.

The needs confront us every day: housing and hospital waiting lists increasing; roads, bridges and sewers crumbling; poverty and decay.

Our strategy is to use wasted resources to meet needs. Elected, publicly accountable authorities must intervene to replace the anarchy of the market economy with justice and fairness. London now has the worst concentration of unemployment in the developed world: we need planning to bring jobs and prosperity.

The London Industrial Strategy is more than this. It is about restructuring and modernising London's industrial core. The health of our economy depends above all on rebuilding a viable economic base. The uniqueness of the London Industrial Strategy is that we show how this can be done in the interests of the people who live and work in London, and in ways which involve working people in the process of planning and restructuring.

The strategies for each sector have been developed in conjunction with employers, trades unions and consumer groups. They highlight ways in which public investment, legislation, and other forms of intervention and assistance can create jobs and improve working conditions. Refined by the hard practical experience of investing in the economy through the Greater London Enterprise Board, the strategies set out here represent an initial, if extremely modest, programme to secure 48,000 jobs through continuing GLEB's work over four years, 37,000 through other private sector interventions and 153,000 through the public sector.

More is both possible and desirable. The strength of the present volume is that it shows clearly, we believe for the first time, how detailed sectoral planning can generate feasible, cost-effective and socially beneficial strategies for employment growth.

Even though the limitations of monetarist ideas are now clear, those ideas remain those of our national government. The harsh realities of restructuring through unemployment are now reflected in a broad consensus around the need for reflation — for public spending to replenish demand and begin the reconstruction of Britain.

Reflation is necessary: it would make conditions better. But it would not, of itself, begin the task of industrial transformation. If lasting change rather than immediate amelioration is to be achieved, a thorough programme of intervention and restructuring is required.

Our strategy is addressed to the longer term, and to the problem of industrial decline.

The manufacturing and service strategies draw on experience from successful firms and industries elsewhere. Changes in production methods and work organisation, in planning and workplace democracy, in application of technology, training and quality control, have been studied. They have then been assimilated to our principal goal of planning viable employment growth in the context of the skill-base, and needs, of Londoners.

The May 1981 GLC Labour Party manifesto implied that interventions in the arena of industry and employment would all be guided by the London Industrial Strategy. Now, as the Strategy goes into publication, the GLC, the Enterprise Board and the Training Board are already backing about 600 employment, investment and training projects.

Our experience of implementation has been the single most important contribution to this strategy. The success of GLEB's investment programme commands enormous interest around the world. We now have groups of people who know what our objective of 'restructuring industry in the interests of labour' means in practice, because they have done it. Our staff know how we can begin to tackle discrimination in employment opportunities against women and black people. We are running dozens of projects, exemplifying what can be done.

The government's plans to abolish the GLC make no provision whatsoever for continuing this task nor preserving the unique skills that have been developed.

The strength of the sector strategies that they have been subject to consultation

and refinement in the light of experience. Publishing this volume is another stage in that process. Now we need reactions to the ideas advanced here.

Britain is being driven into becoming an impoverished low-tech, or no-tech, economy, sharply divided into two nations, north and south, rich and poor, in work and out, black and white. The GLC has already shown that there is a real working alternative. The London Industrial Strategy shows the potential that exists for that alternative if it is nurtured and developed.

MICHAEL WARD

Deputy Leader and Chair, Industry and Employment Committee

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Introduction

The London Industrial Strategy

1.01 In May 1981 a new Labour administration was elected to the Greater London Council. It had fought the election on the basis of a 157 page manifesto, of which 71 pages was devoted to industry and employment. This was a quite new direction for a local authority. As unemployment rose during the 1970s a number of local councils had become concerned with employment. There was a certain amount of municipal advertising, some factory building, and programmes of minor incentives. The previous GLC Conservative administration had set up the London Industrial Centre to provide advice to small businesses, as well as information on premises and housing for key workers. But these were all marginal. There was no specific legal power to undertake a more active economic policy.

1.02 Yet a close reading of local government law revealed some leeway. Section 137 of the Local Government Act 1972 allowed councils to spend the product of a 2p rate on activities which were not covered elsewhere in the Act. It was a clause which had been used for many things from tree planting to the funding of voluntary groups and originated, interestingly enough, from a campaign in Scotland in the 1890s to allow local councils to finance work schemes for the unemployed. For Greater London the product of a 2p rate yielded £38 million. It was these funds together with the GLC's own pensions funds, which the Labour Party manifesto promised to use to regenerate industry.

1.03 The programme envisaged investment in new municipal enterprises, producer co-operatives, old firms faced with closure as well as new ones starting up. It promised a programme of factory building and refurbishment, the establishment of a Direct Labour building organisation, the funding of technology schemes, the promotion of equal opportunities and a major training initiative to complement industrial investment. It also promised to produce a London Industrial Strategy and a London Manpower Plan as a detailed guide for the programme of action. These were to be drawn up by a new unit of economists, the Economic Policy Group, whose 'concern would be with overall planning, not with detailed implementation'. The task of implementing the industrial policy was to be assigned to a new 'arms length' body, the Greater London Enterprise Board.

1.04 Once in office the new administration found their economic path almost immediately blocked with administrative tangles and briars. It took nine months to set up the Economic Policy Group and get its first five members into post. Within the first week the EPG found that there were some senior administrators who were strongly opposed to the main lines of the Labour strategy, but who were quite happy with a division of function which left overall planning to the new policy group while they, the administrators, continued to be in charge of implementation. Nor was it simply a question of opposition. Putting a new economic strategy into practice was not like building a new housing estate, with a set of detailed plans to be translated into bricks and mortar by a skilled construction team. The detail of the economic strategy had often to be developed in the course of implementation, and this required people who shared the perspectives of those who had produced the manifesto in the first place. It needed economic craftworkers rather than economists, and there were not enough of either in the traditional ranks of the GLC. Accordingly within three months of arrival, the Economic Policy Group was changed into a Directorate with responsibility for planning and implementation: over the establishment of GLEB, over property, employment grants, training, purchasing policy and the programme of trade union support.

1.05 What had emerged over this period was a clear distinction between a plan and a strategy. A plan implied a blueprint, drawn up from above. The London economy was too complex, the powers of the GLC too limited, the understanding of the planners too narrow for this 'railway timetable' model of public intervention to be relevant for the GLC. Strategy on the other hand was a concept with military rather than architectural origins, meaning literally the choice of ground on which to engage the enemy. It implied conflict, limited resources, and a ground level perspective which was always having to guess what was over the horizon. It was this approach which was adopted at the GLC.

1.06 What it implied in practice was a view of the London economy as composed of innumerable battlegrounds, involving a struggle for jobs against the pressures of the market, of particular employers and in some cases the direct opposition of the government itself. Each case was fought over a particular terrain, with its specific balance of forces — of local communities, workforces, perhaps the support of a borough council in one case, of a local resource centre in another. Each case required its own strategy, geared at first to the immediate terrain, but then broadening out to the developing contours and prospects of the industry as a whole.

1.07 This is the path we have followed in drawing up the *London Industrial Strategy*. Instead of a single plan, out of contact with our powers, we have started at the many points of potential intervention. We have spent three years working on strategies for particular plants, or firms, or sectors of an industry or for local areas where sectors are concentrated. It has involved working with groups of stewards and union officials in a plant, or a whole sector. There have been working groups with unions and user groups in sectors such as retailing, the food industry, the cultural industries, clothing, print, public transport and

the docks. In each case the strategy for any one plant always involves wider questions, and suggests wider links. In a number of the plants of London's multinationals — like Kodak, Ford, Unilever and Philips — the strategy immediately requires an international perspective, and in these cases the GLC has been involved in supporting international meetings of trade unionists. It is not the breadth of the strategy but its starting point which is at issue. Our starting point has not been the whole London economy, but the main places where the GLC can intervene to help save and create jobs in London. In this sense, the first task has been to create not one but many London Industrial Strategies.

1.08 We have come to a point where it seemed useful to draw many of these studies together. For certain patterns have emerged within sectors and between them which allow us to generalise and suggest ways in which more extensive intervention than the GLC alone can provide could help on the battleground of employment. This volume contains 23 sector studies, which draw on detailed experience and aim to synthesise the main trends in the sector and the lines of policy that can be followed.

1.09 We have produced this volume for wider discussion, and as part of a programme of rolling strategy work. We would welcome comments and submissions on the present volume by 30 September 1985. We will then combine these with further work to produce a second Industrial Strategy early in 1986. Groups who would like to talk over particular chapters, themes or omissions with GLC researchers should write to the Industry and Employment Branch, Room 6b, Greater London Council, County Hall, London SE1.

1.10 Later this year we shall publish three further volumes: the London Financial Strategy (covering the banking and finance sector of the London economy); the London Labour Plan (covering training, anti-discrimination policy, pay and unionisation); and the London Economic Strategy, which will discuss some broader issues of local authority economic policy. This will complete the current programme of work which has aimed to provide an economic strategy for London to complement the land use plan contained in the Revisions to the Greater London Development Plan.

The problems

1.11 There are today three great issues facing the British economy: deindustrialisation, the economic collapse of Britain's major cities, and the conditions of life and labour of Britain's working people. They are not separate, but three alternative aspects — sectoral, spatial and social — of a common economic problem. In each case London has been at the eye of the storm.

1.12 Take deindustrialisation first. As the result of the growth of mass production from the First World War onwards, London became one of the

principal manufacturing centres of the UK. In 1951 there were more than one and a half million people working in London's factories. In 1961 the figure was 1.43 million. By 1983 it had fallen to 594,000 and the prospects are that it will have fallen to 485,000 by the end of the decade.

1.13 A similar pattern of industrial loss has occurred in the national economy. Britain lost 25% of its manufacturing jobs in the decade between 1971 and 1981. But the decline has been steeper and more widespread in London. In the same decade London lost 36% of its manufacturing jobs and inner London 41%.

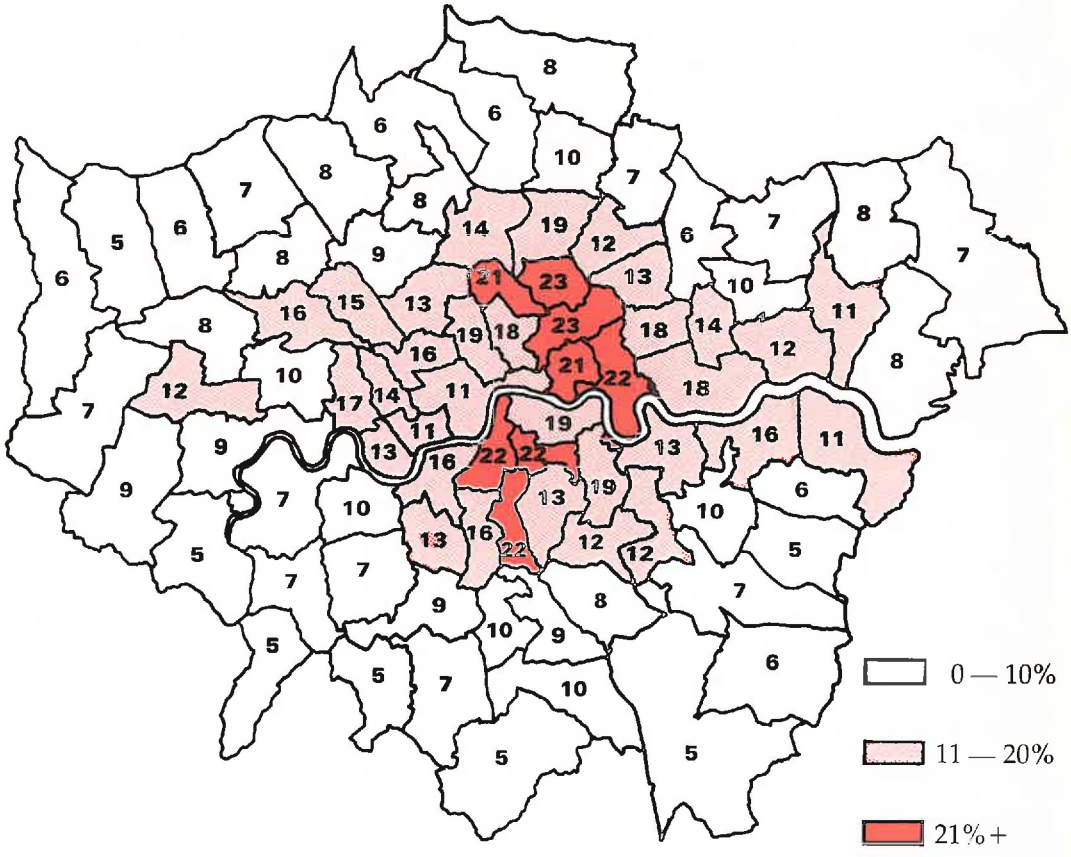
1.14 Furthermore, while at the national level the growth of services largely

Table 1: **Decline of Employment in Greater London 1973–83**

	Numbers employed		
Sector	*1973*	*1983*	*% change*
Manufacturing			
Food, drink and tobacco	99,766	61,000	−39
Coal, petroleum and chemical products	60,860	44,000	−28
Metal manufacture	19,911	10,000	−50
Engineering and allied industries	404,871	266,000	−34
Textiles, leather and clothing	88,670	40,000	−55
Other manufacturing	250,008	173,000	−31
All manufacturing	924,086	594,000	−36
Infrastructure			
Construction	197,073	144,000	−27
Gas, electricity and water	56,156	41,000	−27
Transport and communications	419,672	340,000	−19
Distribution			
Distributive trades	528,939	459,000	−17
Other Services			
Financial, professional and miscellaneous services	1,397,716	1,468,000	+5
Public administration and defence	344,700	313,000	−9
All industries	3,872,739	3,366,000	−13

Source: Census of Employment

Percentage Unemployment Rate by Parliamentary Constituency, January 1985



compensated for the decline of manufacturing, the same was not true in London. With the exception of financial, professional and miscellaneous services — which showed a small growth — every major sector of London's economy lost jobs. Table 1 gives a breakdown of the figures. Distribution lost 70,000 jobs, construction 53,000, transport and communication 80,000. Even public sector employment fell and those losses have increased in the last two years. In all, between 1973 and 1982 more than half a million jobs were lost in the London economy.

1.15 The result has been unemployment. Substantial even in the 1970s — the figure had reached 132,000 in 1979 — the registered total has trebled since then. In spite of a change in the method of calculation, in spite of the women who do not register for employment and in spite of the multiplicity of schemes to keep school leavers, students, and even those over 60 off the register, there are in

March 1985 over 400,000 people registered as unemployed in Greater London. We estimate that there are a further 120,000 who are seeking work and would take paid employment if it were available. This is the largest urban concentration of unemployed people in the advanced industrial world. Our own forecasts suggest that registered unemployment in London will rise to at least 545,000 by 1990 if present government policies continue, as cuts in public spending, increased privatisation and the use of new technology bite deep into employment in once buoyant service sectors which alone have offered alternatives as manufacturing declined.

1.16 To describe deindustrialisation is to go to the heart of the second main economic issue in Britain, the economic decline of its major cities. In Liverpool, Manchester, the West Midlands, Tyneside, Glasgow, and Belfast the pattern and chronology of decline are similar. Between 1960 and 1981 London and the major conurbations lost 1.7 million manufacturing jobs, that is 79% of the total national loss of 2.1 million jobs. The inner cities have become the newly depressed regions of the 1980s.

1.17 The acuteness of the urban crisis has been recognised sooner in the north than in the south. More recently the West Midlands has at last been made eligible for EEC regional aid. But London is still regarded as part of the prosperous south east, whose pockets of decline can be solved by the trickle down of prosperity from neighbouring areas. The Department of Employment, for example, still insists that most of London should be treated as a single travel to work area and, as such, its unemployment rate of 11.5% is below the national average.

1.18 The economies of cities do not work like this. Depression takes hold of particular areas. From the second half of the 1960s until the end of the 1970s, London's deindustrialisation was concentrated in inner London and the east. Docklands was particularly severely hit. In the period 1971-8 east London lost more than 20,000 dock jobs and 53,000 manufacturing jobs. The great names of the past have almost all run down or pulled out: AEI at Woolwich, P & O, Turners, Vestey, Tate and Lyle, Unilever, Spillers, Courage and many wharfside warehouses. Some of these sites still stand empty and broken windowed. Others have been demolished. There are whole roads of corrugated iron and guard dogs. In all there are some 11 million square feet of empty commercial and industrial office space in east London. In Tower Hamlets registered unemployment is now 21%, in Newham 17%. Male unemployment in Poplar is approaching 30%. There are similar rates south of the river, in Greenwich, Deptford, Peckham, Bermondsey, then on into Lambeth and parts of Wandsworth, as well as to the north along the old river and canal industrial belts in Islington, Hackney and up the Lea Valley into Waltham Forest. Depression takes hold of particular sections of the population and particular areas. Inner London has an unemployment rate twice as high as outer London (16.7% compared with 8.3%). Black youths tend to experience as much as twice the level of average unemployment, with levels as high as 50% in some years.

1.19 The 1980s have deepened the economic crises in these areas, but they

have also seen the spread of similar destruction to west London. In Hayes and Hounslow, Southall and Park Royal, a once thriving economic landscape has become like an industrial cemetery. The AEC bus factory, for example, which once employed 4,000 workers, has been razed to the ground. The household names of the long consumer boom, Hoover, Pyrene, Macleans, remain as no more than signposts above the old factory doors. The Firestone factory, like Hoover, one of the art deco creations of the 1930s, has gone altogether, demolished at night before the preservation order could be served.

1.20 Further west, Heathrow has lost 13,500 jobs in four years between 1979 and 1983 and further losses are forecast following the privatisation of British Airways. The result has been the emergence of rising rates of unemployment in west London: 12% in Southall, 15% in Brent, 15% in Hammersmith and Fulham.

1.21 The jobs in the new warehouses and hotels in west London are not sufficient to provide employment in their immediate neighbourhoods, let

Available Vacant Industrial Floorspace

alone for those in Docklands and London's inner ring of decline. From studies in these areas, it is clear that many workers are restricted to their neighbourhoods — by their dependence on council housing on the one hand and their lack of time and money to travel longer distances to work on the other. London is not a single labour market, but a set of overlapping ones: wider in range for the better paid, for men and those without domestic responsibilities (there are still more than one million commuters into central London every day), narrow for manual workers, particularly women, and many of London's 314,000 black workers. There is no clearer example of the distance between them than in Tower Hamlets. There, the council tower blocks stand facing the commercial skyscrapers of the City: the one representing one of the most depressed areas in Britain, the other sited in one of the richest square miles in the world. It is a contrast that has been seen before in London's past. It is also well known in the Third World. But lacking a modern Mayhew or a Charles Booth, it still today awaits some wider recognition.

1.22 Charles Booth undertook his great study of London Life and Labour nearly a century ago to answer a challenge put to him by Henry Hyndman to explain why were the many poor. He hoped, with the full confidence of Victorian empiricism, that the facts would produce the answer and he ended his 17 volumes disillusioned that they had not. But what he left was a description of Londoners at home and at work at the end of the 19th century which was far richer and more suggestive of alternatives than those same lives and experiences expressed through statistics alone. To work with statistics can give us the impression that we have grasped a problem and pinned it down. Certainly the fact that, for example, one-third of London's parliamentary constituencies have unemployment rates above the national average has a force and a meaning but it is only the beginning of the work. It does not show what skills exist, what hopes, how life has changed for those in work, as well as for those without, how fast the production line is moving, how shift work grows, how part-time labour and casual work replace the steady jobs on which a lifetime can be built. When we come to these questions we soon find the statistics are inadequate, or not available for London, or out of date. Or that some more qualitative forms of enquiry are required — beyond the sample survey and the counting from above.

1.23 All this is relevant to the third great issue — the changes that have taken place in the conditions of London's life and labour. We know from innumerable sources — from word of mouth, or writing in community and trade union papers, or adult education classes — that conditions at work have for many people worsened over the last five years, that budgets are tighter, that local services have been cut and queues lengthened. But the statistics about these changes are still imperfect. We know that shift work has risen: 24% of manual men and 17% of manual women in London earned shift premiums in 1982 as against figures of 17% and 9% respectively in 1974. Casual work has increased in many sectors; in local authorities, the health services and in the many ancillary services that have been privatised in the past three years. Part-time work has spread in the retailing sector (Sainsbury employ some 60% of their

staff on a part-time basis) and in the catering trade. Industry studies also suggest an increase in sweating, with an estimated 30,000 homeworkers in the clothing trade and worsening pay and conditions in hotels, cleaning, food processing and branches of the retail trade. We also know that there has been a marked increase in inequality in London, both in income and in the availability and scope of jobs. The GLC has just sponsored a study to chronicle these changes in more detail. Already we know enough to say that London's economic crisis is a crisis for its labour force as well as its industry, for those in work as well as the half million who are seeking it.

1.24 These three issues are recognised and debated. There are conferences on the inner city and on Britain's industrial decline. Large sums of public money are spent in countering the problems, in regional aid, in urban aid, in support for small businesses and in unemployment and social security pay. London's depressed districts received £296 million (in 1982 prices) from the urban programme between 1979-80 and 1983-4. London's unemployed receive an estimated £600 million a year. The MSC spends £70 million a year in London. The great proportion of this spending is elastoplast aid. It does not address the causes of London's decline, nor offer any general way forward out of that decline. It largely funds current spending not investment — and with the exception of some infrastructural aid — is explicitly separated from the 'productive economy'. Such patching is already utterly inadequate and will become more so as London's unemployment increases.

Traditional strategies

1.25 There have been two traditional strategies relevant to the London economy; the monetarist and the Keynesian. The first is based on a cheap labour policy, enforced through market competition. It has been vigorously pursued over the past five years, has been disastrous for the London economy, and in our view offers little hope for full employment or adequate jobs over the next decade.

1.26 The second argues for deficit finance by the government, a managed labour market (through incomes policy), and controlled markets for foreign trade and payments. Its re-introduction could at most be expected to reduce London's unemployment by a third. In what follows we summarise our views on the limitations of the two traditional approaches, and in the following section outline a third approach, one that we have been following at the GLC and which if adopted nationally would, we believe, offer some more substantial hope for London's sweated workers and the unemployed.

Monetarism

1.27 For the monetarists, the main means of solving unemployment is for Londoners to price themselves back into work. If British industry is losing out

to overseas competition, there will be some wage rate (and work rate) which will restore competitiveness. If the sunset industries are past recall, then new industries will emerge to take their place. Tourism — founded on cheap labour — is significantly growing in London, while furniture and food processing are not. If Ford has cut its London workforce by a third over the last five years (from 25,129 to 16,839) this is because London's workers have failed to match the levels of productivity achieved on the continent, or the wages set in Brazil. The price of labour and its effective use become the main levers of economic policy.

1.28 The government has argued that the state should stand back from the private economy. In fact, it has been highly interventionist with respect to its goal of weakening labour. There have been the following main strands to this policy:

(a) *Private sector monetarism.* On the surface the aim of the government's restrictive monetary policies was to control inflation. But as its theorists made clear before the 1979 election, it had a deeper goal of contributing to the cheap labour policy. The mechanism was as follows. To cut the money supply, the government raised interest rates. This attracted money from abroad and drove up the exchange rate (from $2.07 to $2.40 in eighteen months). Exporting became harder, importing easier. Domestic profits were squeezed, forcing some firms out of business and the remainder to shed labour and resist wage demands in order to survive. It was an explicit policy and it was put into effect with remarkable success in the private sector. It did not cause the recession of the early 1980s — let alone the decline of London — but it doubled its severity, according to the OECD. In London more than 500 major redundancies and factory closures were announced between 1979 and 1982. Unemployment trebled. By the time the exchange rate fell in 1983, manufacturing jobs had declined by nearly a quarter (23%) and industry appeared so traumatised that an upswing was slow to emerge. From the quarterly reports of the London Chamber of Commerce and Industry, the prime benefit of the recession for the employers had been the discipline that large scale unemployment had exerted on those at work.

(b) *Public sector cuts and privatisation.* In the public sector the strategy faced greater difficulties. The government attempted to cut back jobs in public corporations and in central and local government by a variety of controls: changing capital structures, cuts in government grants and budgets. But these tactics met with more unified resistance than had been possible in the private sector; both from users and national unions. In the case of local government, the rapidly changing systems of penalties became ever more complex and contradictory. It was matched by some councils raising rates to maintain services and cutting capital investment and bought in materials rather than direct service labour. In London, local government employment fell by only 6% between 1979 and 1982. After the 1983 election, the strategy changed to a much greater emphasis on privatisation and on the direct

control of local authority rates (through rate capping) together with the proposed abolition of the metropolitan counties and the GLC. Privatisation in particular has led to cuts in jobs, a worsening of conditions at work and a switch from service-oriented to profit-oriented public provision. BT alone is expected to lose 15,000 of its 82,000 jobs in London as the result of privatisation.

(c) *Anti trade union legislation.* The Employment Acts of 1980-4 are best known for the outlawing of secondary picketing and the insistence on formalised balloting as a condition for legal industrial action. In London these have had some effect (the latter in relation to action in the Post Office for example) but they have had less impact than in some other parts of the country, in part because the scale of job loss has itself profoundly weakened London's traditional manufacturing unions. The National Union of Tailor and Garment Workers have declined from a London membership of 20,000 in the 1940s to approximately 3,000 today. The furniture union FTAT has suffered a similar decline, as has the docks section of the TGWU and the AUEW more generally. The unions in retailing, in finance, in hotels and catering have always faced difficulties and have been further squeezed by the recession. More significant for many sections of London labour have been the clauses in the acts which have increased the possibilities of unfair dismissal, weakened trade unions in smaller firms, and removed the requirements for paying union rates in non-union firms.

(d) *The internationalisation of the economy.* By removing exchange controls the government allowed large quantities of capital to move abroad, part of which might otherwise have been invested and provided employment at home. It has also allowed increased domination by multinational companies of the UK economy. The importance of the latter point is less about ownership than about the tying of UK production into an international division of labour. This has taken place at Kodak in Harrow from 1976 and at Ford, where the integrated plant at Dagenham has been run down, process by process and replaced by investments elsewhere serving the whole of the European market. The multinationalisation of production is the step which allows workforces in London to be played off against those abroad as Ford has done in the body plant and on the Escort assembly line. More generally, of London's largest 75 factories in 1982, 73 were owned by multinationals and many were open to this form of multinational production that had been made easier by an open exchange policy.

(e) *The assault on skill.* The main strand here of the government's policy has been to cut apprentice training. In 1981 it abolished 17 of the Industry Training Boards (leaving seven in operation) and withdrew grants for apprentice training in 1983-4. Apprenticeships in London fell sharply. The intake of engineering apprentices in 1984-5 was the lowest on record (500 apprentices in an industry which still employs 170,000 workers in London). The number of apprentices in road transport has

fallen by a half between 1978-9 and 1982-3, mainly in vehicle retail and repair. In construction the number of apprentices has fallen by 20% between 1980 and 1983 and already skill shortages are re-emerging in spite of the depressed state of the market. What is behind these policies is first a downgrading of skills — the YTS schemes for example specify 13 weeks off the job training, as against the 24-40 weeks received by apprentices on ITB schemes. Secondly, the government wanted to shift control of the training that was necessary unequivocally to the employers. It was this which lay behind the abolition of the ITBs which had trade unions represented upon them.

1.29 The results of this assault on labour have been economically disastrous. The policies have contributed as much as 150,000 to the unemployment totals in London. They have deepened the desolation and eliminated a whole swathe of London industry which is unlikely ever to appear again. The growing inequality in London can be seen to be a result of conscious policy — providing incentives to the industrial 'head' and discipline to the unskilled 'hand'.

1.30 Even in its own terms, of market profitability and private capitalist growth, the cheap labour strategy is demonstrably not working. The reasons emerge from the sector studies in this volume. Take furniture for example. In 1951 there were 62,000 people employed in London's furniture trade, some 40% of the UK total. Today there are 12,000. Imports which were 7% of the national market in 1973 are now 27%. The main cause of this drastic decline is not the cost of labour. It is that the new growth sectors in furniture are based on design, flexible production and an integration with retailing. London's main mass producers have lost out because they have failed to respond to this trend. They compete at the cheap end of the market in which there is overcapacity. The great names, with the longest runs and greatest efficiency, Harry Lebus, Schreiber, Beautility and Cabinet Industry, were too inflexible to cope with the recession. The workings of the market therefore hit the most efficient. They did not lead to a new system of production as developed by the Italians and the Germans. Design remained largely unapplied, in spite of the strength of London furniture design capacity, since design investment is so easily copied by competitors. The entry of the Scandinavian retail giant IKEA into the London market, drawing on continental supplies, threatens to weaken further what remains of the London based industry.

1.31 There is a similar picture in the motor industry. Ford has argued that its run down at Dagenham has been the result of lower productivity levels than in Europe. Apart from the problematical nature of the comparisons (Dagenham tended to be run at a lower capacity than the European plants) and apart from the fact that Dagenham's wages were amongst the lowest in Europe, an internal Ford document which compared Ford Europe to Toyo Kogo (Mazda) in Japan, showed that differences in work intensity accounted for only one tenth of the difference in manufacturing cost. 'More than two-thirds of the excess cost compared to TK are the product (not the sum) of design, build complexity, schedule instability and consequential low level of mechanisation and automation.' Ford, in short, had been under pressure from the Japanese not

because of labour costs or labour effort, but because its management had been less efficient in production engineering and less responsive to market variations.

1.32 Furniture and motor vehicles are both sectors where a cheap labour policy can run directly against the requirements of modern flexible production, with its need for skill and stability. Clothing is another, where there is recent evidence that the London clothing industry has been losing orders because of the quality control problems of sweatshop work. Instead of innovating, London clothing manufacturers have been forcing down wages, and worsening conditions in order to remain competitive.

1.33 In other sectors where British industry is competitive in production, it is the limited size of the internal market which has laid it open to destructive competition from abroad.

1.34 Software is one example, television another. In each the large fixed costs of production are more easily covered in their home market by US rather than British firms. In each, the sector studies suggest London production is unlikely to be able to compete against US imports priced in relation to marginal rather than average costs.

1.35 For the monetarists, such destruction of London industry is not of immediate concern. For them, international economic welfare will be increased if US firms dominate the software market or the supply of programming to cable TV. The displaced workers in London will be attracted to other trades in which they are relatively more efficient; tourism once more. The problem with this argument is that it presumes that there is enough work to go round and that the question is one of how to distribute it appropriately. But what we now witness is ever growing unemployment on a world scale. Those thrown out of work in one place may never get another job. This is the clear experience of London over the last decade. The doctrine of free trade, as the Cambridge economist Joan Robinson once put it, is the 'mercantalism of the strong'. It is an argument put forward by the strong to justify the lowering of trade barriers by the weak. The difference in contemporary Britain is that free trade is being promoted by a government of the weak, as part of its cheap labour strategy.

1.36 In summary the cheap labour strategy is unsatisfactory even on its own terms:

- it emphasises labour costs when the key issue is the size of markets and/or the switch towards flexible specialisation;
- it provides no mechanism for the restructuring of fragmented industries;
- by cutting labour costs it is also cutting demand and therefore the size of the home market;
- it runs down skill at the moment when an extension of skill is needed;

- it fails to protect industry in the process of restructuring and has thus caused the disappearance of large slices of manufacturing from Britain;

- it fails to acknowledge that there is now and is likely to be for the foreseeable future, a massive labour surplus internationally even at a subsistence wage. The labour market cannot 'clear' itself. The trend in London has been for new industry not to emerge in sufficient strength to compensate for the destruction of the old.

1.37 It has been a tradition of private capital when in crisis to turn first against its own labour force. The present government's policy represents this response at a national level. Industrialists, though squeezed themselves by this policy, have remained loyal to the government because of its effect on labour and the labour market. What they cannot see, any more it seems than the government itself, is that this policy is destroying the domestic economy to a point from which important parts of it may never revive.

The Keynesian alternative

1.38 The second major strategy is centred around Keynesian policy. It is the strategy which was followed in the post war period until 1979. Whereas monetarism uses macroeconomic policy to influence production — mainly by disciplining labour, Keynesian policy separates macroeconomic management from production and deals almost exclusively with the former. For Keynesianism, if the general macroeconomic conditions can be got right — the level of consumption and investment, of interest and exchange rates — then production will look after itself. Like monetarists the Keynesians concentrate on the world of markets but they see the role of the state not as using the market as a discipline but rather as providing the conditions within which enterprise can grow. Monetarism sees the state's prime task as removing the obstacles (including itself) from the free operations of the market. Keynesianism sees the task as intervening in markets to ensure they work well.

1.39 For Keynesianism the main answer to deindustrialisation and recession is to reflate the economy and to protect the new growth of industry from foreign competition. Within this broad framework there are different tendencies in policy. Some would reflate by tax cuts, others by expanding public spending. Some would devalue, others would use import controls. If investment does not respond to the improved conditions, then more radical measures are needed: measures to repatriate British capital from abroad; to ensure pension funds are invested in long term growth rather than distributed as dividends. There are variations along all these lines between the left, right and centre of the post war consensus. But the key point is that all shades of the consensus work within the common categories of the Keynesian world.

1.40 For London the Keynesian solution is wholly inadequate. Deindustrialisation set in from the mid 1960s principally because of corporate

restructuring and competition from abroad. Unemployment rose during the 1970s period of Keynesian strategy and would have continued to rise in the 1980s at perhaps half the rate it achieved under monetarism. There would still be some quarter of a million people out of work in London if Keynes and not Friedman had won the general election in 1979.

1.41 The limit of Keynesianism is that it does not address the main issues in production. For the Keynesian, production is like a black box with investment going in and goods coming out in search of a market. The organisation of production, what is produced, under what working conditions, with what technology, in alliance with whom — all this is left to the capitalist. In a period of expansion this limitation is not so apparent. London's consumer goods factories were producing things which had a wide and unsatisfied market. Their expansion fed back into demand for machines and materials. This allowed an increase in wages, as labour's share of growth. It led to requirements for new infrastructure, financed out of public funds. But when the upward curve of demand for the new goods approached saturation, when international competition sharpened for the demand that remained and when outlets for new profitable investment failed to appear, then profitability, investment and the rate of growth all fell. To maintain profitability, manufacturers tried to speed up and increase the intensity of labour. They sought cheaper sources of labour in smaller towns and the peripheral regions of Europe and the Third World. The banks, both directly and through funding state spending and consumer credit, provided the finance for potential growth. But such credit could not reverse the decline of profit whose prime causes were located in production. With insufficient profit, the debt payments on credit could only be met through inflation, which had the effect of preserving the money value of assets, while undermining their real value. Keynesianism sees credit expansion as a source of demand, and demand as the key condition for expanding production. It is certainly true that credit is a necessary condition for expanding production. But the approach fails to deal adequately with the more important question of profitability, and whether conditions are favourable for profitable production. This is not primarily a matter of effective demand. Economic crises occur even when demand has been inflated — as it was in the UK in 1973.

1.42 Traditionally capitalism has responded to crises of profitability in ways which are both sharp and brutal. Bank crashes and widespread bankruptcies mark down the value of capital and thus reduce the base against which profit is measured. Secondly, these slumps increase unemployment and the pressure on labour. Thirdly, they speed up the switch to new branches and methods of production. Monetarism has attempted just such a strategy through a consciously engineered crisis — but it has found that mechanisms of earlier capitalism no longer work for an economy which is already weak and backward.

1.43 Keynesianism on the other hand suspends these mechanisms without offering an alternative. It bails out the banks and the major corporations. It provides padding for demand but no necessity to encourage restructuring. It

also finds that its traditional instruments of international control are weakened in an age of multinationals and that both industrial and financial capital are seeping away to areas where production is stronger and profitability higher.

1.44 Most seriously, the failures to deal with production and the continued slump in profitability, led Keynesianism to turn on the foundation of its consent. Cuts in public spending and increased control of wages, appeared as inevitable to those caught in the categories of Keynes and the institutions which had been formed around Keynesian policy. But they neither limited inflation nor stimulated profitability and instead paved the way for the introduction of monetarism.

1.45 The post war consensus believed that the production of income and its distribution could be separated. Income distribution either socially or geographically, could be tackled independently. There had long been a tacit pact. Private enterprise should be allowed to run production and the state could look after redistribution, the one efficient, the other fair. By the mid 1970s this pact had collapsed. Private enterprise in Britain was clearly not efficient, while wage controls and state cuts meant that the state was seen as very far from fair.

1.46 The separation of production and distribution had a parallel in regional policy. The 'Inner City Problem' as it became known was tackled largely financially. The Urban Programme applied tasteful financial first aid to the worst sores on the urban body politic: grants were given to 'social' projects, defined as quite separate from the market economy. Later the programme was extended by adopting instruments used in regional policy in support of the market: grants to firms, industrial promotion, incentives for small firms, and property development. Urban problems were acknowledged by a redistribution of funds. But none of the expenditure touched even the first base of the central problems of urban industrial production.

1.47 The point about the Keynesian strategy is not so much that it is wrong but that it is inadequate. Any strategy will have to have a policy on interest rates, on the exchange rate, on investment and the level of demand. These are real parts of the economy which like markets, cannot be ignored. But they are bound by what happens in that other sphere of the economy — in production. It is production that in the present system determines the limits of distribution, that is reflected in the level of the exchange rate, and in the level and form of demand. So while a measure of reflation, of public works and protection may all be necessary, they can only make long term sense if they are part of a wider strategy centred on the material, and not merely the financial, aspects of the economy.

1.48 In summary a Keynesian reflationary strategy is inadequate because:

- it is concerned primarily with the general level of spending in the economy (the demand side) rather than the detailed economics of supply;

- having no strategy for production, it has no long term answer to overseas competition nor the low level of profitability;
- its instruments for insulating the national from the international economy are increasingly limited in a period of multinational corporate control of production and finance;
- in recent years it has subordinated the public economy, full employment and the direct provision for social needs to the requirements of profitability in the private sector: hence the tendency to limit wages and cut state spending in order to encourage the private sector.

Reclaiming production

1.49 Monetarism and Keynesianism have been the two poles of mainstream economic debate. Yet in many ways their similarities are more striking than their differences. Both are pre-occupied with markets, and with removing or counteracting its imperfections. Theirs is the world of the stock market, the foreign exchange dealer and the retail price index in whose terms we see traced out daily the economic fever chart. Both strategies rely on interventions in these markets to restore our economic health, yet both have virtually nothing to say about the other part of the economy on which that health is based — namely production.

1.50 Ignored by economists, production has been left as the province of the engineer, the production manager and the industrial relations consultant. They have a dual concern; first with the physical process of production, with the layout of the plant, the smooth running of the machinery and the quality of work; secondly with the economics of production, with how fast the work is being done, how hard people are working, how quickly a machine can be re-set to meet changes in demand. New technology is introduced to meet both concerns, to improve the speed and synchronisation of physical production on the one hand, and to increase managerial control over labour on the other. Wages and recruitment systems are designed to similar ends.

1.51 These issues, which vary from industry to industry, are at the core of any economy. It is in the process of production that competitivity and profitability are determined. It is the conditions in production which explain the long term movements in the indices of the fever chart, the value of the pound or the city's closing prices. It is decisions about production — what is produced, in what quantities, and by whom — which determine the extent to which an economy meets the needs of its people. Mainstream economics believes all these can be adequately influenced from outside by adjusting the market. The growth of unemployment, and unmet need, the decline of private industries and public services — all indicate a deep failure of such policies. What is required is a change of direction in economic strategy, towards direct intervention in production.

1.52 We need to go further than this. For once we step from the City's world of abstract numbers to the concrete detail of the factory floor, it is clear that there are alternative policies towards production: that of the manager is very different from that of the machine worker. The former is concerned with speed and control in order to increase profits, the latter with maintaining some control over how the job is done, with the use of skill to produce useful products, with a working life that enhances rather than degrades. There is also an interest of users in the quality of products, in the overall balance between sectors, and between what is produced for sale on the market, and what requires an alternative public provision. At the moment overriding priority is given to private market production and to the military sector, to increased intensity of work within the factory, and the technological replacement of awkward labour. We can call this *militarised market production*. It represents the economics of capital. There is an alternative which we shall call *socially useful production*, which takes as its starting point not the priorities of the balance sheet, but the provision of work for all who wish it in jobs that are geared to meeting social need. William Morris referred to it is useful work rather than useless toil. It represents the economics of labour.

1.53 The importance of this alternative perspective is not that it promises an easy technical solution to the current economic depression. Rather it raises a whole set of issues which have been kept on the sidelines of political and economic debate. Few major politicians and fewer economists have given the quality of work any significance in their analyses or programmes. Yet it remains a grim truth that the majority of Londoners spend their working lives in jobs which have been designed to dispense with human skill, and under a domination which stands in profound contradiction to the principles of all political democracies. The social control of what technology is developed and how it is used; the control of products which threaten health (in the food industry, through leaded petrol, or pharmaceuticals); these, like the quality of work are all issues which arise from the material character of production and its outputs, and which are quite lost to an economics that is limited to the play of the market. They are more difficult for a government to manage than the traditional instruments of the Chancellor's budget and the Bank of England. They involve a contest of two opposing economic forces at many levels. Unless they are addressed the deep rooted problems of the British economy and the quality of ordinary people's working lives cannot be expected to improve.

1.54 Not for a hundred years have want and waste stood so clearly facing each other in London as they do today. There are half a million people in London wanting work while there are families in need of food, elderly people in need of heat and care and London's infrastructure requires £12,000 million worth of investment to restore it to even a modicum of repair. This is the central irrationality of our present economic condition. It arises from taking the needs of the financial mechanisms of the economy as a priority. The market, money and profit which were intended as servants to bring want and work together, have become the masters and are now keeping them apart.

1.55 There is an alternative — that starts directly from production and from

need — which has a different priority and offers a different vision. It is this alternative which the GLC has been attempting to put into practice over the last four years.

1.56 In what follows we outline our experience of that strategy as it applies to the three main spheres of the London economy, the household, the public sector and the private market economy. In each of them production takes place and the fruits of that production are financed and distributed in quite different ways. Between them and within them we find a conflict of priorities, of understanding and of power. New social forces — in the trade unions, in local communities, among women and black people — have forced their alternatives on to the political agenda. What has yet to happen is the consolidation of these alternatives into a new national economic strategy.

A strategy for domestic work

1.57 For an economics geared to need the household is the starting point, for it is in the home that need is experienced and expressed, and where caring is concentrated. It is also the most important sector in the economy in terms of labour time expended. We estimate that Londoners spend on average 100 million hours in paid work and 180 million hours in domestic work. There are two and a half million households in London, of whom three-quarters of a million had children under 16 and 168,000 had children under five. One in six married women care for a sick or elderly dependant in addition to a husband and children. Yet in spite of its importance the household is regarded as somehow outside the economy by traditional economists and rarely, if ever, does it makes its appearance as part of an economic strategy.

1.58 If the majority of economists and politicians were women who were responsible for long hours of domestic work, things might be a little different. But even then it would still be the case that domestic work could not be measured in pounds and pence and would not appear to be linked to the touchstones of economic progress — national growth, productivity and profitability. There are of course handbooks on domestic science, some of which bizarrely carry over the principles of time and motion study developed for the factory into the workshop of the home. There was even an American project in the 1960s which attempted to measure growth and productivity in the household, in order to show that when home and market economy were put together, the US economy had grown faster than that of the USSR. But these are scattered instances. For the most part it is the market economy which is productive. The household is by and large treated as the social sphere.

1.59 It is the women's movement which has challenged the economics of the market, and established the importance of domestic work. They have made public the social needs previously absorbed and hidden by the private labours of women. They have also argued for a series of measures which would significantly transform household production.

1.60 The main questions in the economy of caring can never be those of the factory: speed-up, synchronisation, marketing. Certainly the mechanisation of parts of household work has been important. Eighty-one per cent of UK households now have a washing machine. Ninety-six per cent of them have refrigerators. The technologies of heating, cleaning, cooking and clothing have all been transformed in the last 50 years. Yet caring by its very nature is labour-intensive. It is interesting that in spite of the growth of labour saving machinery in the home, the time spent on housework in the United States was the same in the 1960s as it was in the 1920s, while in Britain a fall of about an hour a day in the 1960s and early 1970s has now levelled out and time spent has even risen over the past five years.

1.61 The key issues are qualitative. How is the caring done? Is it in isolation, or can it be better done collectively with other households? Can caring be shared, and the work of caring be linked to other waged work without extending total working time?

1.62 Viewed from this perspective the economy of London's households is in crisis. More and more women now work a double day, at home and in paid work. Forty per cent of London's labour force are now women (rising to an estimated 44% by 1990). A growing number of married women (currently 60%) do paid work. In 1981 two-thirds of all Afro-Caribbean women aged between 25 and 34 had paid work, and for 35-44 year olds the figure rose to 81%. For single parent families the problems are even more acute. In 1981 one-fifth of all London households were single parent families. In Lambeth and Hackney the figure was over 30%.

1.63 Although the need for caring is growing (the number of isolated old people in London is liable to grow sharply by the end of the century if nothing is done) the circumstances of the carers — the great majority of them women — are getting progressively worse. Partly this is because of changes in the market economy. Changes in retailing in London for example have led to the closure of neighbourhood shops and supermarkets, and have made shopping both more difficult and more expensive for those without a car. Partly it is the result of state policies. Schools, hospitals, and many local services have become more centralised and take longer to reach for those whom they are meant to serve. Queues have lengthened. Some public services have been shifted back to the household as a matter of conscious government policy: the care of the elderly, the convalescent and the young, the making of school meals, the closure of nursery schools and so on. All these things have one thing in common. They appear to save money in the account books of the state, or the balance sheets of private firms, but they do so by taking no account of the unpaid time of ordinary people. If we calculated economy in terms of reducing all society's labour time, then cottage hospitals, local schools, better bus services, would still be with us today, and all queues would be shorter. Imagine the change in the organisation of health care if all travelling time and queuing time had to be paid for at the going rate.

1.64 The situation is particularly acute for those with young children. In 1982

there were 412,700 children under five in Greater London. Yet there were only 17,300 public and private nursery places, and 21,200 places with registered childminders. That means that there was less than one place for every ten young children, even though six out of ten married women go out to work. Not all parents of young children want to go out of work. Many have to. Whether they want to or have to, adequate provision should be available in a properly organised economy. Yet the present government has made things more difficult, not least by failing to counter the Inland Revenue's decision to tax employer's contributions to childcare provision as a perk.

1.65 Women's domestic work is closely bound in with discrimination against women in paid work. Careers, training, promotion and pay are still centred on full-time, continuous working lives which allow nothing for the changing demands of responsibilities at home. As a result London's women workers are cut off from better jobs and better pay. Of all London's skilled, professional and managerial jobs, women account for only 11%, but make up 59% of the so-called semi-skilled and unskilled labour force.

1.66 To change this deep discrimination against women will require major changes not only in the economy of care but also in the economy of paid work. For caring, it is not a question of great centralised state institutions, but opportunities for more local and collective forms of care, for the sharing of facilities and responsibilities, and for the sheer pleasure of both carers and the cared for of being with others when that is wanted. It is one of the paradoxes of our present society that while private companies and states grow ever larger and more centralised in their planning of labour, domestic work and consumption are becoming ever more isolated. For an economics centred round finance these issues are marginal. For an economics centred round need they should be our starting point.

1.67 In summary the women's movement has developed a strategy for domestic production covering the following issues:

- extension of the *sharing* of domestic work and caring: within the household, between households, through extended public provision;
- linking public provision (particularly of childcare, and care for the elderly) to the needs of women as wage workers;
- further reducing women's total working time by improved transport and communications, and the decentralisation of public services and shops;
- changing the structure of wage employment to allow for a better integration between wage work and domestic care.

1.68 These are issues about the planning of labour, the division of labour, the length of the working day, the synchronisation of different tasks and the extent to which domestic work is carried out individually or with some measure of co-operation. They affect the quality of working lives, the quality of caring, as

[Three images (of women working) removed at request of London Metropolitan Archive as a condition of digital distribution.]

[Two images (of a daycare, and women working) removed at request of London Metropolitan Archive as a condition of digital distribution.]

Before the Second World War, one in ten married women had waged work. Women had played a major part in production in the First World War, but many were forced back into domestic service or into the home, particularly during the depression. During the Second World War women were again drawn into manufacturing. Three out of ten married women now took on waged work and there were successful campaigns for public nurseries as the state tried to balance its need for war production with its concern to maintain the traditional family. By the 1980s 60% of married women in London work for wages, but childcare remains wholly unadequate with nursery places for only 4% of children under five. The GLC Women's Committee has funded 4,200 new childcare places in London but it is estimated that ten times that number are urgently needed, providing jobs at an annual cost of £36 million.

(Extreme top) Drilling and punching holes in Spitfire components in the Second World War.
Photo: Henry Grant.

(Extreme bottom left) Sausage packing by hand in the late 1950s.
Photo: Illustrated London News.

(Extreme bottom right) Modern engineering: electronic rather than electromechanical. Women, formerly in mechanical engineering in wartime, are now a major part of the electronic assembly workforce, as in this picture of a woman soldering a printed circuit at Broomhill Electronics, Wandsworth.

Photo: Philip Wolmuth.

(Above) Day nursery in Hackney.
Photo: Neil Martinson.

(Left) Biscuit packing at United Biscuits, Harlesden. Note the automation of the process compared to the labour intensity and close working conditions of the sausage packing.
Photo: Maggie Murray/Format.

well as overall productivity. There are issues about what in the market economy would be called capital investment — equipment, housing layout and town planning, facilities and, particularly, transport. But these should be considered primarily in terms of their significance for labour itself. The key questions in domestic production are about the social reorganisation of labour rather than productivity.

1.69 There are also issues of consumption (particularly in respect of information about products and services) and distribution. Distributional questions include how much and in what form carers are paid, the size of state allowances, income tax provisions, the pricing policy for public services and so on. The point made by the production approach is that improvements in consumption and distribution, while desirable, will only partially touch the conditions of discrimination rooted in the structure of domestic production. Indeed it may be only by changes in production that significant changes in distribution will come about.

1.70 If it is the women's movement which has over the last 20 years pushed these issues to the fore, there has been a long history contesting the boundaries between domestic work and the private and public economies. Public health, education, parks, public laundries, mother and baby clinics all had to be campaigned for and were fiercely resisted. In some fields the boundaries have been pushed back. After the First World War, for example, it was assumed that nursery education would expand along with other forms of schooling, but it did not. Currently the present government is consciously shifting work back into the household — nominally to re-assert the importance of the family, in fact to reduce the money costs of labour-intensive work in the public and private sectors. What an economic strategy centred on socially useful production now requires is that the policies argued for and within the limits of resources put into practice by women should be given the support of the local and national state. In this way the redrawing of the boundaries could be expected to improve not only the quality of life within the household, but the capacity and creativity of the economy as a whole.

1.71 These arguments are developed and the GLC's strategy is discussed in chapter 7 of this volume. Practical steps have included the funding of three workplace day nurseries, including one at the GLC, support for four community laundries, for a number of training courses on childcare and for childcare facilities on training courses. The major initiative, however, has been the Women's Committee childcare programme. By the end of 1984 the Committee had funded 4,200 childcare places for under fives, providing 600 jobs, at an annual cost of £3.6 million. These provisions are still modest in relation to need. At the moment 30% of women with children under five have paid work, compared to over 50% of women with children aged between five and sixteen. If the under fives' proportion was to be raised to 50%, then it would require a childcare programme ten times the size of that of the GLC at present, providing 42,000 childcare places and 6,000 jobs at an annual cost of £36 million.

The public economy

1.72 Nearly a third of London's waged employment is in the public economy. In spite of the recent cuts, there are still over one million people employed in London's public sector. This is a measure of the significance of the state to London's employment. Table 2 below presents the latest estimates. Nearly half the employment is under some form of local control, though this proportion has recently fallen after the transfer of London Transport to the direct control of Whitehall.

1.73 Public sector production takes place under varying and contradictory imperatives. Public utilities may be largely self financing, selling their output on the market as if they were a private corporation. Although traditionally they

Table 2: **Employment in London's Public Sector (1984)**

	Thousands
Borough Councils	272
NHS* *	143
Civil Service	131
ILEA	82
British Telecom	82
London Transport	57
Postal Service	48
Metropolitan and City Police*	43
British Rail* * *	39
British Airways	27
GLC	21
British Gas* * *	20
BBC* * *	20
Electricity*	12
Lecturers in Further and Higher Education	7
Thames Water Authority	5
TOTAL	1,009

* * * 1981 * * 1982 * 1983

Source: Industry data

have had to respect some social criteria — providing services to rural areas, for example, even if they showed balance sheet losses — nevertheless, for some time the Treasury has required the utilities to assess investments in terms of financial rates of return.

1.74 On the other hand, there have been many services where the market and the principles of profitability are quite clearly inappropriate if not inapplicable. Many local council services fall into this category, as well as the health service, education and some cultural activities. These are largely funded from taxation, and provide their services without charge. The basic principle of this type of economy is that taxation is raised to cover the necessary costs of production. Profit has no place in such a scheme. Instead, some idea of need as assessed by elected authorities (or their agents) is taken as the guide to investment and production, not profit.

1.75 In principle then the public economy can be seen as ideally suited for socially useful production. If there is unemployed labour, the public economy should be able to take it on to meet social needs. It should be able to put the conditions of public sector workers and the quality of their working lives as priorities alongside production for need. Some local services were brought into the public sphere for this very reason.

1.76 In practice, however, all parts of the public sector have been a continual battleground between the economics of capital and the economics of labour. Capital — in the form of private cost accounting, private sector managers, and systems of labour control developed within the factory — has pressed for cost reduction, restrictions of service and a gearing of services like education to the needs of industry. Labour has campaigned for universal services, proper wages and conditions and control by directly elected bodies.

1.77 Currently the battle is particularly intense. The crisis of the market economy has led private finance and industry to launch an attack on the public sector — in order to switch its axis from socially useful production, to serving the needs of private profitability. There have been different avenues followed to achieve this general aim. The first has been to open up areas of the state economy to private capital. In previous depressions, when private profitability fell at home there was a tendency for capital to expand overseas. In contemporary Britain we are witnessing an internal colonialism. Caterers and cleaning firms facing a decline in the private market saw that the public sector offered them potentially new outlets. The new private hospitals aimed to make their returns from the score or so standardised operations for which there were waiting lists in the NHS. The City saw the purchase of the profitable parts of the public portfolio as an escape hatch for an increasingly stranded money capital. It is often forgotten that when industrial production runs down, money capital has a deep problem of where to invest. In the 1970s it sustained its nominal returns by lending to the Third World, to eastern Europe and to UK local and central government. In each case national states could guarantee the rate of return. When these seams ran out, the pressure switched to privatisation.

1.78 Secondly, because taxation is raised from the private economy, private

capital has led a campaign for lower taxation. The monetarists have transformed this demand into an argument that public spending has 'crowded out' the private economy and stifled incentives. Neither point holds. There is surplus money capital in the economy. There are large unused resources — of labour, of machinery with spare capacity and of industrial and commercial property. The market economy has not been able to use these resources, whereas the public sector has. London, indeed, was saved from earlier high rates of unemployment because of the expansion of state services in the 1970s.

1.79 It still seems plausible to private capital that cutting taxes must provide relief for the private sector. But the experience of the last five years shows the internal difficulties of such a strategy. Cutting taxes means cutting state spending, and this strikes at the foundations of key elements of any modern economy — education, training, transport. The increased unemployment cuts demand and, in any case, has to be paid for through social security and the dole. Some of the attempted means of cutting spending — such as the takeover of London Transport and the proposed abolition of the GLC promise only to increase taxation for a lower service. Finally, even if spending were cut, and taxes lowered, this would provide only temporary relief for the crisis-torn private economy. For changing distribution will do nothing to solve the problems of production which are at the core of the depression of the market sphere.

1.80 One consequence of the incursions of privatisation and the cuts, has been the attack on the jobs, the wages and the conditions of public sector workers. Another has been the cuts in services which have no market power. The liberalisation and the privatisation of BT has put business needs self-confidently above those of consumers, and threatens many of 10,693 telephone kiosks in London and up to 15,000 jobs. In the NHS London lost 1,876 beds in 1983 and the forecasts are that the city's current 230 hospitals (down from 357 in 1976) will be further cut to 170 in 1991 if current policies continue. British Airways shed the great bulk of the 13,500 jobs lost at Heathrow between 1980 and 1984, in preparation for privatisation. The Post Office is currently pursuing plans to close 30 of its 357 Crown post offices in London, for reasons of economy. In each case where privatisation has occurred — whether of whole corporations like BT, or in the ancillary services services like cleaning and catering for the NHS and local authorities — the experience in London has been similar: a cut in staff, in conditions and in service. This should not be surprising, for private companies start at an innate disadvantage. They have to earn their market rates of return. So if costs are to be less, and productive efficiency can be little improved, then it is labour costs and the quality of service which must necessarily suffer.

1.81 Some of the points of attack are distributional. The imposition of market criteria aims to cut wages and reduce services to those who cannot pay. But the argument of the production-led approach is that an adequate response to the monetarist attack must go beyond distribution and the restoration of levels of public spending. It must tackle a number of issues about how the public sector is run, for whom, under whose control and with what long term strategies for each particular industry.

1.82 A number of these points have emerged from the defence campaigns against cuts in public services. One of the lessons of these campaigns has been that both users and workers had serious criticisms of public services, and that campaigns were stronger if they included alternative plans which more adequately reflected the needs of ordinary people.

1.83 Council estate caretakers and tenants in Roehampton worked out an alternative plan in the face of Wandsworth Council's threat to privatise caretaking. Roehampton tenants and housing department workers produced an alternative plan for the housing service in response to a proposal by Wandsworth to privatise the local district housing office. Many of the 31 Health Emergency Campaigns (one for each health district) have been discussing alternative policies centring on the issues of democracy, professionalism, care, and the humanisation of 'hospital factories'. There have been action plans for the elderly, well-woman clinics, and well-pensioner clinics. The community health movement has conducted a number of long-standing alternative campaigns, like the health centre campaign in Stockwell and Lambeth. There has been a strong black workers and patients group which has centred its campaign on the conditions of black workers in the NHS and racism towards patients. The defence of jobs in London Transport has involved much discussion on alternative paths of development, in particular in relation to the maintenance works at Aldenham. In Docklands, the PLA's policy of abandoning the upstream docks, and supporting the STOLport was countered by an alternative 'Peoples Plan for Jobs', based on local industries which used the skills and met the needs of the local community.

1.84 These examples have all started from campaigns to preserve or change jobs in a particular service and area. But, as in similar initiatives in the private economy, they quickly raise wider issues, not least about the direction of development in the industry as a whole and what alternative plans exist for the industry's restructuring.

1.85 Six of the studies included in this present volume cover sectors which have a strong public economy element within them. In the case of public transport, the sector was one in which, until July 1984, the GLC had the overall responsibility for the bulk of the service. The decision by the government to take over control of LT was the result of a direct clash over alternative paths of restructuring public transport in London. The GLC initiated major schemes to improve the efficiency and productivity of services: improving stock, redesigning stations, integrating different parts of the transport system, increasing electronic information to users and introducing the travel pass. At the same time, they sought to use productivity increases not to cut jobs but extend services, and they questioned productivity strategies which worsened services and increased work intensity such as the move towards one person operation. The cheap fares policy was one part of a more general strategy to extend public transport — which as the Ministry of Transport's own studies showed made economic sense from the viewpoint of social accounting. Chapter 20 on Public Transport shows how any plan to restructure London Transport along these lines promises immediate returns which increase as both public and private investment adjust to the improved services.

[Three images (2 of a bus factory, one of an elderly bus passenger) removed at request of London Metropolitan Archive as a condition of digital distribution.]

London had two bus factories building buses for London Transport until they were closed by British Leyland in 1978-9. (Top left is seen a bus production line at AEC in Southall in the 1950s.) LT itself also has two large bus overhaul workshops, at Aldenham and Chiswick, employing over 2,000 workers. With a high rate of apprenticeship, each has been a reservoir of skilled engineering workers in west London. They have kept London's best known buses, the Routemasters on the roads for over 20 years. (Bottom right is seen a Routemaster being overhauled at Aldenham.) LRT has tried but failed to close one of the workshops and is still proposing to subcontract their repair work. The GLC is supporting trades unions opposing the proposal. They are also planning to do away with the much less convenient One Person Operated bus. GLEB's Technology Network is working on the question of more accessible bus designs than the OPO bus. (Below is seen an experimental LRT bus with a lift to allow these in wheelchairs to use them. It was designed with Technology Network advice and is now operating in north east London.)

Photos: (above left) GLC; (above right) Carlos Guarita; (below) John Butler.

1.86 This strategy was supported by unions and user groups, but opposed by London Transport management and the government. The management wanted to shed labour, close the maintenance works, increase one person operations and cut some of the services. The government went even further in favouring fare increases and a reduction of public subsidy and investment. Their aim was to shift traffic back to private cars and, instead of integrating public transport, to break it up through introducing private bus services on the busiest routes. In spite of the immediate and popular success of the GLC's strategy (the fares policy alone led to an increase of passengers of 17% and a reduction in private cars of 9%), the government have now taken over LT in order to impose their particular restructuring strategy on unions and users.

1.87 In the case of energy there are similar stark alternatives. The government is promoting a large programme of pressurised water nuclear power stations. This represents a substantial shift in long term energy policy, with implications for other parts of the energy industry, notably coal mining, and for the environment. Its commitment to the nuclear option is partly for political reasons (to reduce dependence on coal miners and oil governments) and in part for reasons of commercial pressure from Westinghouse Corporation in the United States. The strategy was the subject of the Sizewell B Inquiry, to which the GLC gave evidence. The GLC evidence argued that similar energy effects, at equal if not greater rates of return, could be achieved by a programme of combined heat and power (CHP) investments and an energy conservation programme. While matching the nuclear option in these ways, CHP and conservation are greatly superior as generators of employment both in London and in the supply of equipment from the UK, whereas the nuclear programme would create few, if any, jobs in London. A £350 million CHP scheme for London spread over 15 years would provide 7,000 permanent jobs, while a modest programme of energy conservation of £65 million over the same period would create some 5,500 jobs. Second round effects would bring total employment up to some 25,000 in London as against the minimal impact of the nuclear programme. Here is a clear example of where there are different ways of meeting energy needs with similar rates of return. Each has substantially different implications for life and labour. The government is promoting an option which treats the interests of private capital as dominant. The alternative gives priority to jobs, the environment and energy conservation.

1.88 Energy is a capital-intensive sector, where major investments can freeze choices for decades ahead. One of the benefits of a conservation programme is that it is more flexible in its capacity to respond to changing energy needs and alternative energy prices. Public labour-intensive services have a similar flexibility, and this serves to bring the contest over alternative strategic options away from the minister's desk and the public inquiry to the service points themselves. The health service was set up to provide a free standardised service to everybody. Dominated by doctors, cost accountants, and corporate managers, it has continued to give priority to sophisticated medical intervention, and has failed to respond to alternative methods of treatment, of caring and of prevention. The close relationship between ill health and such factors as damp housing, poor food, pollution, work hazards and the degree of

satisfaction at work and at home is well established. But it has had no serious impact on the way health care is planned for or delivered by the NHS.

1.89 At the moment the government are imposing cuts, and using the criteria of the market to restructure the NHS. This has led to the growth of private medicine, the centralisation of hospitals, the shift of care back to the home, longer queues and worsening wages and conditions among ancillary workers. Some of these initiatives have been clearly uneconomic in terms of social rather than private cost accounting. But the key point is that they fail to respond in any way to an alternative strategy which, like energy conservation, can show very high rates of return to investment.

1.90 The alternative put forward in chapter 8 on Health Care involves a shift in emphasis towards preventive work in primary care, improved wages and prospects for low paid workers, the expansion of facilities for long term care, and a recognition of the innovative role of the popular health movement. Issues such as the quality of people's working lives, the pace of work, the level of pay, more equal opportunities and the quality of food are of more significance to the general level of health than the latest surgical techniques. Shifting the strategy of health care also means shifting the locus of control, from health authorities to localities, and from factory style managers to more open accountable bodies.

1.91 What is striking is that in each of these three examples — transport, energy and health — there is one set of options which involves advanced technological products sold as commodities: cars, nuclear power plants, drugs and modern medical equipment. There is another set of options which calls not so much for modern technology as social planning. An effective system of public transport requires planned co-ordination of transport, industry, and housing. An energy conservation programme involves a public intervention in consumption — both for industrial and domestic users. A preventive health strategy calls for major changes in aspects of everyday life — work, food, recreational facilities, the quality of the city's air. In each case there is an economy of saving — saving time, energy, or the occurrence of ill health. They involve *avoiding* the need for a particular commodity or service. But they face extensive political pressure from the main commercial forces who have an interest in providing the commodities: motor manufacturers, Westinghouse, drug and cigarette firms and so on. The contest is between commercial and social technology, and in all the examples cited the latter is being crowded out.

1.92 In other parts of what has traditionally been the public sector there have been similar drives to restructure according to the criteria of the market — in broadcasting, telecommunications, housing, ports, social services, and the Post Office. In each case there are alternative ways in which the restructuring could take place. What is required are detailed alternative plans for each sector based on the following:

- improved social productivity, taking into account unpaid as well as paid labour time;
- cost avoidance rather than simply cost reduction;

- flexible provision to meet different needs within the context of a universal service;
- socially useful jobs, including proper pay, conditions, and scope for increasing skill and advancement;
- scope for experiment with new methods and forms of public service;
- means for extending user and worker control.

1.93 The issue of control is central. From the GLC's experience of public services in London, control tends to be concentrated in the hands of a centralised public bureaucracy modelled on the private multi-divisional organisations that grew in the corporate sector from the 1920s onwards. They resist public discussion of their long term strategies and day-to-day operations, regarding unions, user groups, and even local authorities as threats to their managerial autonomy. From their point of view they have a reason to resist, for many have been running on more or less modified market criteria anyway. Control has been a political question of how these services are run. It is not just an administrative matter of setting targets for managers to get on with.

1.94 If the public economy is to be won back from the market and its despotism in production, then new forms of control are a major part of the strategy. This will involve giving elected politicians more control, developing clearer criteria about production, introducing forms of accounting which count social costs and benefits and which are informative for the workforce. As far as the unions are concerned, there need to be far more extensive ways of working with them on policy formation (this will involve time and money), while not intervening in their role in protecting their members within the organisation itself. The same principles apply to user groups.

1.95 In each of these cases, new technologies can be brought to bear on the problems as they have been in the private sector. For instance, the question of queues, scheduling, and capacity is similar to the question of surplus capacity and inventory control in a mass production factory. Integrated, and synchronised computer information systems can help in this, particularly where they can be decentralised to deal with local variations as they have been in traffic light management. But as in the private economy, these changes and other alternative options can be introduced in ways which have quite different implications for workers and users. This is one of the reasons why both trade unions and user groups need to be concerned about alternative ways of restructuring as well as defending existing jobs and services, and why all public bodies should involve all such groups centrally in their long term planning.

1.96 With the exception of transport, and to a limited extent housing, the GLC has limited power to intervene directly in London's public economy. Instead it has supported trade unions, community groups and action campaigns. In some cases it has funded experimental projects — for example local energy audits and alternative forms of health care. It has argued London's industry and employment case by giving evidence to public inquiries (on STOLport and Sizewell for example). On CHP it has joined with other local councils to press for greater government commitment to this alternative. In the cases of cable

and the privatisation of British Telecom it held public hearings to which the many different interests in London gave evidence. These initiatives left one overriding impression, namely how closed the centralised public bodies are to discussions and argument from outside groups, even from a strategic authority such as the GLC. It remains one of the most urgent tasks in restructuring the public economy to find ways of breaking down the large state bureaucracies and opening them up to popular involvement and control.

The private market economy

1.97 London's private economy accounts for some two-thirds of wage employment. Some of its sectors are composed of small and medium sized firms: clothing, for example, or furniture. Others have dual structures, with a few major firms and a host of smaller ones. This is true of instrument engineering, printing, software and branches of mechanical engineering. The Census of Employment in 1981 recorded that there were 166,000 establishments in London. But the tide of private economy turns on the decisions of no more than 100 of them. In manufacturing the top 25 firms in London account for a quarter of employment. In distribution the top 20 firms for a fifth of sales. In finance the top four banks provide 59% of all banking jobs in London. London's economy is built round certain key sectors — vehicles, food, electrical goods and information and communications — which are dominated by multinationals. Small firms either serve these multinationals directly or work in sectors that service the local market but are not themselves the engines of growth: construction, local retailing, business printing and a patchwork of other services. There are, for example, 18,000 licenced taxi drivers in London.

1.98 As table 1 indicated employment in almost all the sectors of the private economy has declined over the last decade. Part is the result of increased productivity, but output has also declined. Table 3 shows that output fell in manufacturing, the utilities, distribution and construction during the 1970s, though by less than the fall in employment. Only private services showed any significant expansion of output and, to a lesser extent, employment.

1.99 There are a number of factors behind London's industrial decline: the movement of firms from London to other parts of the UK (though this has fallen rapidly over the last decade); the growth of new industry away from London; and decline in the British and, to a lesser extent, the world economy. But behind them all lies the massive restructuring of production and distribution that has been taking place within firms, sectors and between whole branches of the economy. It is the first task of any industrial strategy for London to understand the underlying causes of this restructuring. This is one purpose of the detailed studies in this book.

1.100 An important point that emerges from these chapters is that the introduction of the computer has led to a profound change in the way in which production and distribution are organised. It has affected some sectors more

Table 3: **Changes in value added and employment in Greater London**

	% change in value added (1975 = 100)	*% change in employment*
	1971-80	1971-81
Manufacturing	−14	−37
Utilities	− 9	−29
Distribution	− 4	−14
Construction	− 1	−20
Transport & Communications	+ 3	−12
Public Admin. and Defence	+19	− 5
Finance	+33	+10
Professional, Scientific and Miscellaneous Services	+39	

Sources: Department of Employment
Economic Trends

than others and — to judge from discussions with colleagues in the USA and Europe — is more developed in other industrial countries than the UK. In the USA it is referred to as 'flexible specialisation', in France as 'neo-Fordism'. Certainly its significance appears to be as large as that of the principle of mass production introduced by Henry Ford in the early years of this century.

1.101 What the computer has made possible is the extension of the economies of mass production to much smaller batches. Computer aided engineering systems are being developed which link up design and drafting, machine tool programming and flexible manufacturing systems, so that machine systems can switch from batch to batch with a minimum of downtime. Since much engineering output is in batches of 100 or less, the development of numerically controlled machine tools and, now, computer integrated systems has had a profound effect throughout the industry. The same technologies can be — and to an extent are being — applied in other industries where batch production is the norm — footwear, reproduction furniture and clothing, for example.

1.102 Secondly, the computer has allowed a much closer integration of sales and stock control with production and design. One of the most developed examples of this is the Italian clothing firm Benetton. Benetton have 15,000 franchised shops in Europe whose cash desks are linked in by computer to the head office in northern Italy. According to the daily sales results, orders are placed with the Benetton factories and sub-contractors (which together employ 10,000 workers), and the new stock sent out to synchronise with the rundown

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

Airlines have been in the forefront of the introduction of new systems of communication and data processing. British Airways has 9,000 data terminals worldwide, which control schedules, rosters, seat availability, consignments and stock throughout the world. BA's Engineering and Maintenance Department now has over 1,000 visual display units controlling components, performance and schedules. Such systems prefigure those being adopted in other industries and show the impact that new technologies can have on work. 5,000 jobs have been lost in BA's engineering and maintenance since 1980. The above picture of a Heathrow office shows the nature of work for those who remain. It represents one version of the office of the future.
Photo: British Tourist Authority.

of the old. It is a similar system to that used in the UK by Marks and Spencer and more recently by Richard Shops and Next. It allows for product experiment and for flexible and rapid response to changes in demand.

1.103 One of the sectors which has taken the lead in this new synchronisation is grocery retailing. Although demand is less fickle much of the supply is perishable so there is a premium on reducing stock holding to a minimum.

1.104 Significantly, the first commercial computer was installed in the 1950s by the food firm Lyons. Now a firm like Sainsbury, which deals with more than 8,000 different commodities, has a system of daily ordering which takes place after the evening analysis of sales and in time for the distribution centres to deliver to the stores by the following morning. The aim always is to provide the goods 'just in time' rather than 'just in case'. The same principle is used by Japanese car manufacturers in their so-called 'kan ban' system of stock control.

1.105 A number of consequences flow from these new systems. First there is a premium on having suppliers relatively close at hand, both for quality control and speed of response. Marks and Spencer source 90% of their output in the UK, Next 85%, Richard Shops a similar figure. In the motor industry, General

Motors has adopted the new strategy in the USA and insists on its main component suppliers being within 100 miles of its assembly plants. In the UK the system is less developed, but its implications are clearly important for London if Ford retain their Dagenham assembly plant.

1.106 Secondly, there has been an increase in sub-contracting. Critical power has shifted to the system of co-ordination. Thus Sainsbury buy all their products from independent suppliers — with the exception of their meat plant at Haverhill. They provide research and technical advice to aid their suppliers, insist on strict quality control and have such power that most suppliers do not even have a contract but depend on day-to-day orders as they come.

1.107 In a number of industries like groceries the power of co-ordination is with the retailers. Sainsbury and Tesco now account for 55% of the grocery trade in London and the top five chains for 68%. There is a similar retailing power in furniture (MFI and Harris Queensway) in clothing and in the cultural sectors (WH Smith, ABC, Rank and, of course, the television channels themselves). In other sectors the balance of power is further down the line: with the assemblers in the motor industry for instance.

1.108 Third, there is a premium on systems for stimulating new products. The large mass production companies still use their full marketing power to sell standardised products, but more flexible companies grow up to serve 'niches' in the market and the demand for variety. In the record industry the difficulty of predicting the likely success of a product means that only one in sixteen records makes a profit. In the film industry, there is a similar difficulty. When a film does succeed it leads to a mass of imitations. In Italy the clothing industry has had a high degree of design decentralisation, with the sharing of work among smaller firms when one design succeeds. In furniture, one of the major competitive weaknesses of the London industry is its failure to integrate design and production. In some sectors design on its own can lead to a domination of the sectoral chain. Clive Sinclair, for example, has built his company around new products. He hires factories to make his products while keeping product design and marketing control to himself.

1.109 What we can see happening, as flexible specialisation is extended into sector after sector, are new commanding heights being established within industries, around which a whole satellite economy of suppliers, retailers, business services and innovators are arranged. In the food industry the growing power of the retailers has led to a challenge to the previous controllers of the sector — the mass processors that set up so many of London's large food factories before the Second World War. They now find their products sitting on the same supermarket shelf as the retailers' cheaper 'own brand' product. Some of the food multinationals have refused to produce 'own branded' goods for the supermarkets. Other have given way as the tide of the competition turns against them. Some of the food processors are now responding by developing flexible manufacturing themselves, producing a greater range of smaller batches. Some are integrating forward into catering in order to bypass the grocery chains. This battle illustrates the importance of a long term strategy for any effective social control of the sector.

1.110 The chapters which follow give more substance to these points. Some of the sectors are part of the sub-contract economy where new methods of production and co-ordination have not directly affected the production process and only further degraded the conditions of work and wages of the satellite workers. This is true of homeworkers, of cleaners, in part of catering and of some retailing. But in most sectors the direct impact of the new forces are evident, either in London firms or in their competitors elsewhere.

1.111 What are the strategic implications from this reading of the changing contours of London's economic landscape? First, it suggests that the most important factor in industrial competitivity is long term strategy and industrial restructuring. Wages can be pressed down, work speeded up, new machinery purchased, taxes avoided, incentives received — but if the firm is too small, and unco-ordinated with retailing, or design, or key suppliers, then its prospects for survival are slim.

1.112 Second, it is quite clear from a number of the sector studies that the market is an inadequate method of organising restructuring of any kind. Where the sector is dominated by large firms, restructuring is monitored and planned within the firms themselves. Even then, a company like Ford has been outcompeted by the Japanese because its international restructuring strategy has not taken on board the basic principles of flexible specialisation. In sectors without large firms, restructuring has taken place haphazardly, if at all, commonly at the expense of London industry. In some cases, the market has brought down the more advanced companies because of their dependence on larger markets. In others it has encouraged cost minimisation through sweated labour rather than an investment-led process of restructuring.

1.113 Third, the absence of strategic planning is even more noticeable when we compare the British economy with other economies abroad. In Germany, for example it is the banks who have traditionally played the role of an industrial planning agency. In Japan it is the Ministry of Trade and Industry (MITI). In the United States it has been the large corporations. In Britain, however, there is a much weaker tradition. Both the clearing banks and the merchant banks have tended to take a passive role towards sectoral restructuring. The public agencies — the Industrial Reorganisation Corporation in the 1960s, and the National Enterprise Board in the 1970s — have remained limited in their scope and in their powers. The Department of Industry has emphasised financial subsidies and market adjustments rather than direct intervention in industrial restructuring (with some notable exceptions in the iron and steel industry). It is significant that Sir Kenneth Cork — on the basis of his experience as the leading receiver and industrial reorganiser in this country — argued to the Wilson Committee on finance and industry, that the key weakness of British industrial policy was not finance but the absence of an institution capable of industrial restructuring.

1.114 Fourth, as in the public sector, there is a control question of the terms on which restructuring takes place. Restructuring for capital will be very different from restructuring for labour. The Japanese systems of flexible specialisation, for example, assert a new form of control of labour through sub-contracting. It

has sharpened the divide between a multi-skilled and flexible workforce — many of whom have lifetime contracts, and access to a corporate welfarism — and a sub-contract and sweated majority who bear the cost of business fluctuation, have lower wages, and quite inadequate welfare facilities. In this sense, though the Japanese methods have given many of their industries a competitive edge on the international market, they clearly do not constitute adequate goals for an alternative strategy.

1.115 On the other hand the aims of an alternative — better wages and conditions, greater social control within the enterprise, equal opportunities, and socially useful production — require us to address the industrial changes taking place elsewhere. The aims may not necessarily conflict with the market viability of the enterprise. But in the short term at least, a number will involve extra time and costs. If an enterprise is not following an adequate long term strategy, then it and its alternative achievements will always be threatened.

1.116 Let us take the example of a supported firm in the clothing industry. In a recent contract they found that they were underbid by a price which was 11% below their direct cost of labour and materials, without any allowance for overheads or mark up. This was not the result of dumping, or cheap labour, or the sewing of labels onto Far Eastern imports. What was critical in this clothing sub-sector was longer runs, and an integration of sales, distribution, design, production and purchasing all using computerised systems. In these circumstances the leeway for raising wages, resisting the drive towards semi skilled mass production techniques, and providing time for shop floor control is limited. Conversely, if the advanced methods are adopted, then there is scope for all these things. One of the largest suppliers to Marks and Spencer, SR Gent of Barnsley, who use advanced computer systems in production, is also marked by a skilled, unionised workforce paid wages above the norm for the London clothing industry. In short, if we want to change tyrannical systems of production and alter the forms of control within the factory, it helps to have advanced technology and a strategic place within the industry.

1.117 In the case of SR Gent the most up-to-date technology demands more skill rather than less. This is because the retailing demand for a rapid response means that the workforce has to have the skills to make prototype patterns. There is a parallel in the machine tool industry. In the UK the introduction of computer numerically controlled (CNC) machine tools has led to the deskilling of workers. But in Germany they have found it more efficient to keep skilled workers in charge of the new machines because they are able to maintain and repair the equipment more effectively. Taking this a stage further, a production engineering team at the University of Manchester Institute of Science and Technology under Professor Rosenbrock, with whom GLEB has close links, has developed a CNC machine tool centred on the turner's skill. It is programmed from the turner's own manual operations, which he or she can revise according to performance. As in Germany this machine has been found to be much more effective than one based on a deskilled worker, and the Rosenbrock team is now designing a complete flexible manufacturing system.

1.118 These are examples in support of our more general argument that the strategy for alternative production has to take on the question of restructuring. But to argue that there are alternatives should not lead us to underestimate the difficulty of introducing them. If the balance of power is tilted towards capital and the criteria of the market in the public sector, conditions are much more unequal in the private economy. When there are conflicts between users and communities, or workforces and private corporations, when some social logic is set up against the logic of the market, it is then that the inequalities of power are clear. Not only do the owners and managers rule production by virtue of their ownership, but any wandering from the paths of profitability faces the incessant discipline of the market.

1.119 In the past the task of redirecting the private economy into meeting social needs and countering the limitations of the market has been assigned to planning. But traditional approaches to planning have themselves been limited. They have been concerned to co-ordinate and rationalise existing firms rather then engage in the politics of production. Even the more extensive 'input-output' planning approaches, as developed in eastern Europe and transferred to countries like India, are static and technical in character, highlighting (in the Indian case) potential bottlenecks as a guide to public intervention. They have lacked a strategic focus for sectors and firms, and being top down exercises have not had the necessary detail for alternative restructuring.

1.120 What is needed is a new type of strategic planning which parallels corporate planning from an alternative standpoint. We need to move the debate on planning away from the issue of 'plan versus market'. This is a controversy which has been argued out in terms of the static principles of allocative efficiency. But from the perspective of production the planning of capitalist production exists, and has always existed, within and in contradiction to the market. Alternative strategic planning, like corporate planning, cannot ignore the market. The market exists. But it should be taken into account not as a determinant of what is produced and how but as a political force. A sharp and growing disparity between the prices of socially controlled production and those of the world market will find political voice for restoring the criteria of capitalist production, however effective the system of protection at the borders. The debate needs to shift, therefore, away from alternative forms of allocation to alternatives strategies of production.

1.121 A new approach to planning also implies a different approach to economic power. For it follows from what we have said that the state is not the centre of economic power. It may extend the sway of social ownership, and urge the extension of alternatives in production, but such initatives are always liable to be swamped by the market. The establishment of new forms of production can be helped by a measure of state support. But they equally need the support of those who work in the industry and who use its products. They also need to be placed within a broad strategy for extending control over the productive economy as a whole. There are dangers of restricting social control to the satellite economy. Public intervention could become in the end a mere

support for those firms who control the commanding economic heights and who have themselves decentralised control to sub-contractors. What is needed is to extend social control to these commanding heights — including retailing, software and research and development, and then use this power to extend the alternative strategies into the economic lowlands.

1.122 At the GLC we have called this a sectoral approach to the private economy. It contrasts to other strategies adopted by industrial development agencies — some concentrating on small firms, others on property-led programmes, others easing the way for 'sunrise' industries, or reacting passively to new proposals assessing each case on its merits. The sectoral approach involves an active restructuring perspective. It is not limited to the formal sectoral categories of the statistician, but geared rather to the way in which industry itself is organised. The French refer to it as *filière*, the thread of industrial organisation, a thread which may run across traditional categories, in cases such as tourism or films, and which reflects material economies of co-ordination, joint sales, strategic knowledge and so on. But in following that seam, the sectoral production approach aims to consider strategic alternatives, ones whichh recognise broader social interests than those favoured by the market, around which an active policy of intervention can be built.

Productive intervention in practice: the Greater London Enterprise Board

1.123 The Greater London Enterprise Board was set up by the GLC in January 1983. Its offices are in Newington Causeway, near the Elephant and Castle, and about half a mile from County Hall. They reflect GLEB's organisational relations with the GLC: separate but within walking distance.

1.124 GLEB is neither a conventional local government service nor a traditional investment bank. It invests — currently some £30 million a year — but not with the aim of minimising risk and maximising profit. Rather it aims to invest in the reconstruction of London industries, in its workplaces, its technology and its workforce. As the Labour Party manifesto said in 1981: 'Only a large scale investment programme aimed at key sectors of London's industry will rescue the capital's manufacturing economy from almost total annihilation. The public sector will have to take an active role in such strategy.' GLEB is the instrument of that active role for the private economy.

1.125 Instead of waiting for worked up projects to come to it, GLEB sees its task as actively putting projects together which can turn round an otherwise apparently hopeless enterprise. The final package may have a number of parts: a new or converted site, new equipment, a product development and technology plan, and a new deal for those who work in the firm. It is on the basis of such a package, agreed jointly by management and the workforce, that GLEB advances money. This policy has been variously described as risk or long

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

AMD Engineering in Twickenham was a family firm with a highly skilled workforce many of whom had been with it for decades. At its peak it employed 200 people on precision engineering work. AMD were renting unused space to an inventor, John Reekie, who specialised in educational robotics. Concerned at the waste of skill, he offered help if GLEB would revive AMD. GLEB invested in the site as a whole to create a 'Synergy Park'. When the factory re-opened, most of the previous customers returned because of the reputation for high quality work. The workforce's skills are being linked to advanced technology and they are purchasing a 'human-centred' machining centre.
Jobs: 46. Investment: £205,000
Photo: Philip Wolmuth.

term investment, in contrast to the unadventurous and short term approach of much of the British banking system. But it is the active 'packaging' role of GLEB which is equally important, and which often attracts passive banking finance once the package has been assembled.

1.126 The second major difference is that GLEB puts its emphasis on greater social control in the projects it funds. The GLC's guidelines, within which GLEB operates, lay down that all enterprises receiving funds should allow open access to trade unions, should pay wages and observe hours and conditions 'no less favourable than those for the trade or industry in the district in which the work is to be carried out', and should conclude an enterprise plan.

1.127 The enterprise plans are to be agreed by the unions, the management and by GLEB and normally cover the following: product and market strategy; future investment and technical change; location; pricing policy; employment levels and conditions; skill levels and training; and equal opportunities. Their aim is to achieve a quite new extension in the scope of collective bargaining.

1.128 Some firms that have approached GLEB have immediately withdrawn on hearing of these conditions. There have been others for whom GLEB has drawn up a reconstruction package and who have then gone back to traditional sources of finance because of their distaste for enterprise planning. But there have also been firms who have accepted the formation of unions for the first time, and have agreed major changes to their wages and employment policies.

1.129 GLEB has also given priority to funding new forms of social ownership. In its first year it funded 45 co-operatives, providing more than 500 jobs. It set up a Co-operative Enterprise Board, with a £1 million investment fund, and this has financed a further 27 co-ops involving 420 jobs. GLEB itself owns or partly owns 17 enterprises, including Magnatex, Bassetts, and the London Production Centre. In both co-ops and in its own municipal enterprises GLEB still encourages unionisation and the other conditions to improve the conditions and degree of control of the workforce.

1.130 Thirdly, GLEB puts an emphasis on what it calls 'socially useful products'. These are products which build on existing skills to meet social needs. To encourage the development of such products GLEB has set up five technology networks, each with a prototype workshop where skilled workers and designers can develop new products. One of these networks has its factory premises immediately behind GLEB's offices in Newington Causeway and specialises in energy products. Among the new products developed there has been an electric bicycle, a power-generating bicycle and a single blade windmill. In Greenwich, the Thames Technology Network has financed the development of a mobile vascular unit and an expert medical system to improve diagnosis. Other developments in its workshop include a mobile system for bulk handling, a variety of recycling products and a low cost jiffy vehicle. Once the prototypes have been developed and tested, they are then economically assessed and, if viable, funded. The electric bicycle, for example, is shortly to start volume production, creating 50 jobs.

1.131 Fourthly, GLEB acts as an alternative property developer. Its Property Division not only contributes one element to the broader reconstruction packages, it also aims to develop industrial districts. These are areas where a number of enterprises in the same field are sited near each other, providing mutual support and capable of attracting specialist services. Industrial districts have been particularly successful in the so-called Third Italy. Particular towns have come to specialise in a product: Modena in ceramic tiles and agricultural machinery, Parma in food processing machinery, Bologna in shoes and engineering and so on. In these sectors, firms may be quite small, but their proximity means that they can help each other out on contracts, share common marketing and purchasing facilities, respond rapidly to new market demand and develop a pool of skilled labour. London has had similar specialist areas in the past: clothing in Hackney and the surrounding boroughs, furniture in east London, engineering in west London. Many of these areas have been declining as the sectors run down. GLEB has been trying to reverse this trend, concentrating its resources in particular areas and linking them with sector plans.

1.132 The London Production Centre has developed round this principle. The same policy is being followed in the Marble Hill Technology Centre — the site partly occupied by AMD. In west London, plans for a Food Park are nearly complete, aimed to bring together wholefood and ethnic food producers and distributors on one site, with common services and outlets to neighbouring factories. In the Hackney Road, a series of properties have been bought up and are being converted for use by the furniture trade. Private developers often follow such local strategies in an attempt to puff up prices. GLEB's aim is to restore industrial activity and to use any appreciation in property values to fund the industries directly.

1.133 Fifthly, GLEB has come to place increasing emphasis on setting its reconstruction packages in the context of a sectoral strategy. Many of the earlier interventions were limited to single enterprises taken in isolation. The first of these, Austinsuite Furniture, was in fact undertaken by the GLC in the months before GLEB was formally started. As the result of GLC intervention, furniture production was continued in the Leyton factory and 120 jobs were saved. But in the course of discussions with the unions from other plants, it became clear that a revived Austinsuite threatened other London firms in the same cheap end of the market and did little to respond to the major changes in the international furniture industry towards more flexible production. GLEB and the GLC undertook a study of these new developments in Europe and the USA and talked to all the major London firms. On this basis, an investment strategy was drawn up centred round the most technically advanced factory and aimed at converting this factory to the new European methods and the integration of design.

1.134 What the furniture strategy has shown is that GLEB often needs to go beyond reactive reconstruction. Workers, owners or managers may approach GLEB about an enterprise which is an unsuitable vehicle for a reconstruction plan that can help transform the whole sector. Sometimes two or three

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

Magnatex is one of the few major car component producers remaining in London, specialising in producing plastic injection mouldings for lamps and mirrors. It employs nearly 200 workers at its two plants. Although it was profitable, its owners wished to sell it to raise cash. Union officials and the general manager together organised a rescue plan. They contacted GLEB through the early warning system. The rescue has succeeded. In addition, under the terms of the rescue, an enterprise plan is being developed between unions and management. Jobs: 180. Investment: £900,000
Photo: Chi Chan.

enterprises need to be welded together. Sometimes it may be impossible over a short timescale to develop alternative products which can sustain an existing workforce — though the technology networks have been developing a product bank for use in such circumstances. It is necessary, in short, to have a broad view of the sector field of battle in order to make investment interventions effective.

1.135 Some of these features of GLEB can be found in some banks. For example, the major clearing banks have built up their 'first aid' departments which have been concerned with turning round ailing firms who owe the banks money. But GLEB's emphasis on socially useful products and an extension of control by the workforce is entirely distinct from policies followed by private banks or, indeed, by public industrial rationalisers. For each of them the criteria for rationalisation is the rationality of the balance sheet. For GLEB it is the rationality of what is produced that is important, and the wages and conditions of those who produce it.

1.136 None of this means that GLEB ignores the market or the rate of return. The great bulk of GLEB finance takes the form of equity investment or loans, rather than grants. That said, if a project does not meet the financial criteria it can still be funded for non-financial reasons. The basic support is up to £20 per job week created (or approximately £1,000 per job year) with additional premiums for co-operatives (£5 per job week), ethnic minority employees (£2), £5 for each person undergoing training and so on. This support, which can reach a total of £30-£40 per job week, lasts for up to two years and is intended to provide a cushion to the process of restructuring. It is not used to prolong the life of an enterprise which has no long term prospects.

1.137 Some of GLEB's operations are funded quite separately from the market. This is true of the technology networks, for example, since once a new technology is developed it is economically rational to distribute it freely. For most projects, however, the market sets boundaries within which GLEB operates, but it does not set the goals of the investment. The goals are those of new jobs, of socially useful products and of 'restructuring for labour'. If these conflict with the market, then GLEB is directed to follow the non-market goals within the limits set down. We can speak of GLEB operating 'in and against the market'.

1.138 GLEB is therefore much more than a 'listening' bank. It provides finance but only as part of a wider packet. Equally, if not more important, is its supply of strategic advice, technology, property and its team of enterprise planners. While its 85 staff include people from the fields of finance, manufacturing and management consultancy, of equal importance are the trade unionists, community activists, scientists, progressive researchers, and those with experience in the co-operative movement. It is more appropriate to think of GLEB as an economic commando unit rather than an investment bank.

1.139 By the end of December 1984, GLEB had allocated nearly £14.5 million to 100 projects, saving or creating 2,322 jobs, due to rise to 3,529 within two years as firms carry out planned expansion. On the assumption that GLEB's investment could be disposed of at 50% of that cost, the net cost of each of the 3,529 jobs was £3,645. It also allocated £12 million to 35 property projects, which will provide work space for 4,000 jobs, and building work for 2,500 operatives. Three million pounds was invested in the five technology networks. This is one measure of GLEB's achievement.

Two years on

1.140 GLEB was meant to be a quite new type of institution. There were previous models which it was meant not to imitate, such as the National Enterprise Board. The NEB had been an interventionist and restructuring body, but it had been run by businessmen on traditional lines and was experienced as an alien force by workers in those industries in which it intervened. There were no positive models on which GLEB could mould itself.

1.141 In its first two years, GLEB has already proved that there is an alternative model which works. The earlier examples indicate the results that can be achieved. The experience of active intervention is already resulting in attempts by the private sector to poach GLEB employees. To the first wave of Enterprise Boards in the UK — in the West Midlands, Lancashire, West Yorkshire and the GLC — are now being added a second wave starting with Hackney and Haringey and extending to overseas cities like Melbourne and elsewhere.

1.142 But in as much as each new Board has to be created and not bought off the shelf, it is important that the difficulties and lessons and limitations of GLEB are understood if its experience is to be built upon.

1.143 First there has been the question of what strategy GLEB should pursue. The manifesto had emphasised new forms of ownership: industrial co-operatives, new public and municipal enterprises. It envisaged GLEB also providing 'general investment' for public and private enterprise at risk of closure, newly starting up or operating in areas or sectors of high unemployment. It finally saw GLEB performing a role in the development of property. But these guidelines really only posed the questions rather than answering them. What should the new public and municipal enterprise do? Should GLEB back small start-ups equally with large rescues? Should the property intervention be directed at bringing derelict sites back into use or with providing premises for small businesses or larger factories for major firms whose existing space was cramped. Should GLEB build offices or invest in cinemas? If workers get a greater control of their enterprise, how would they go about answering the strategic questions in their industry?

1.144 Early on in the life of the Labour administration, it was clear that there were contradictory answers to these questions. Powerful GLC administrators argued that GLEB should concentrate on a traditional property role. The first chief executive shared the emphasis on property and wished to confine GLEB's interventionary role to smaller firms. When the GLC members made clear they wanted a greater emphasis on direct intervention in medium and larger firms, the chief executive resigned and a senior administrator was moved. It was the second approach which was finally adopted.

1.145 Even within this approach there were many questions to be answered: whether GLEB should be reactive or engage in strategic initiatives; which sectors should be given priority, and how many there should be; was the Council's commitment to anti-racism best pursued by backing small black businesses or by strengthening the position of black workers within GLEB enterprises and the trade unions in those enterprises. Each of these questions has involved a political debate. The important point is that the more detail a manifesto can give on these issues, the clearer is the line for an independent board to follow. Too often in the past alternative policies are discussed in terms of alternative institutions whereas the two needed to be distinguished and developed in tandem. For in the end an Enterprise Board is simply a shell. There can be many varieties of Enterprise Board. What is needed is detailed

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

Leighton Straker was one of the largest bookbinders in London, employing 250 people in a purpose-built factory in North Acton. In 1978 the company was sold and then again in 1982. By the end of 1983 there were only 49 workers and in January 1984, they were told that the company was to be liquidated. The production and sales managers and all the workers refused to accept this. With funds from the workers, the union SOGAT 1982 and GLEB, the firm was relaunched as Standard Bookbinders. Orders were won back, new machinery installed and sales in the first full year reached almost £1 million. After the rescue, the men's and women's union branches merged into one (for the first time in SOGAT 1982). There is more flexibility and some women are being trained to do the formerly male jobs.
Jobs: 36. Investment: £170,000
Photo: Raissa Page/Format.

guidelines and operating control in the hands of those who share a common imagination with those who have devised the strategy.

1.146 This leads to the second point. However detailed the original guidelines, further strategies will always need to be developed. The Labour Party manifesto saw this as the task of the Economic Policy Group. The EPG would draw up the strategy. GLEB would implement it. This sharp distinction between strategy and implementation has been inoperative. If the advisory group is to develop strategy which is detailed enough to be useful in guiding GLEB's operations, then it is important for members of that group to know the problems and possibilities of implementation. Equally those involved in the daily practice of GLEB's activities generate their own strategies, more detailed,

more closely linked to experience, and more easily defended as 'realistic' compared to the general directions of the 'advisers'. Put another way, material power is in the hands of the operators. Relevant strategy must grow out of that experience and the advisers made part of it.

1.147 Researchers from the Economic Policy Group, now Industry and Employment Branch, were therefore seconded to GLEB so that they could develop strategy within the context of GLEB's day to day realities, and so that they could put their strategy into practice. Too often in the commercial world, consultants bear no responsibility for the implementation of their proposals. GLEB has found it helpful to link the two, not least because the process of implementation helps further develop the strategy. GLEB requires a strategic research input. This should be linked with GLEB's practice and with the formal powers and understanding of the elected politicians.

1.148 Thirdly, the experience both at GLEB and the GLC suggests that the main constraint on such initiatives is skilled committed people rather than finance. Everything depends on the staff at GLEB and in the Industry and Employment Branch. What we found was a substantial gap between those with strategic training and those with a financial or industrial background. Each learnt from the other. Researchers and trade unionists have been attending corporate finance courses; those from industry and finance have been caught up in the debates on strategy. No one person combines all the skills required to put GLEB's package together. No business course teaches this range of perspectives. New courses, including on the job training, are needed to produce people, women and men, black people and white, who are both committed, and have the capacity to put together GLEB type investment packages.

1.149 Fourthly, the development of enterprise planning requires an intensive input of support and advice. For people who have been intentionally excluded from the running of companies, it takes time to be able to make an independent assessment of long term strategy or financial forecasts. At Broomhill Electronics, for example, part of the London Production Centre, managers report back on the main developments and discuss issues raised by the workforce, usually once a month. Models of the financial position of each sub-company in the LPC have been put on video so that workers can more easily see what will happen under different alternative conditions. But there remains a large gap between such arrangements and the capacity of the workforce to assess for themselves the main strategic alternatives.

1.150 A similar point applies to equal opportunities. In the case of a rescue where the former workforce may anyway have been cut in size, there will be limited immediate scope for changing the gender and ethnic balance in overall employment. What is possible, however, is to develop training for women and for black people so that they have access to better jobs within the firm. This was a key part of the settlement at Standard Bookbinders, where the union agreed that women should be trained for certain skilled jobs previously confined to men. As a second stage, better recruitment procedures and training can help

ensure improved access to groups facing discrimination when new staff are taken on, as can the introduction of childcare facilities. In the London New Technology Network, for example, the creche has been of prime importance for the women's printing co-op and for the black women's electronic training scheme. Enterprise planning can also ensure that trade union structures on the site adequately reflect the gender and ethnic composition of the workforce. As with enterprise planning more generally, these initiatives take time. It is not just a question of negotiating the changes between GLEB and the management. It is one of support work, assessment of the possibilities, advice and, where necessary, enforcement.

1.151 Fifthly, the development of effective enterprise planning and sector strategy is by and large much easier in enterprises where GLEB has control than in those owned privately. In the early case of Austinsuite, for example, conditions for the entry of support staff to work with shop stewards on enterprise planning were made so difficult that the work stopped. Since the finance in this case was all committed at the beginning, there was little purchase that the GLC could exercise over the Austinsuite owners. GLEB has had similar experiences, both with private companies and with larger co-ops in which particularly dominant individuals (in one case an ex-owner) regarded GLEB-led enterprise planning as a challenge to their power. There are exceptions, usually with radical owners who are sympathetic to the goals of GLEB. But overall the lesson has been that majority GLEB control is desirable and is limited only by the shortage of GLEB staff to take responsibility for the management and direction which is involved.

1.152 Sixthly, there is always a tendency for finance to dominate other considerations. This is partly because the traditions of financial assessment and monitoring are more developed than those for assessing other GLEB priorities. One is quantitative, the other often qualitative. When a factory is losing substantially in balance sheet terms, there is a tendency to see work on equal opportunities, say, or on improvements to the work process, as luxuries. GLEB now insists that every project proposal contains detailed proposals on enterprise planning, and GLEB's section responsible for this work — the Structural Division — reports back as part of the regular monitoring procedures on funded companies. Seven hundred thousand pounds has also been set aside for 1985-6 to fund the costs of equal opportunity initiatives in order to reduce the balance sheet pressures against them.

1.153 Seventhly, intervention is always easier the longer GLEB has had to prepare a rescue. To this end, an early warning unit has been set up in the GLC, staffed by former industrial trade unionists, who have developed a network of contacts to generate information of this kind. To date the unit has dealt with 118 early warnings of industrial redundancies or closures, of which 35 have been passed to GLEB and six have resulted in the saving of the plant.

1.154 Eighthly, GLEB has found that it can be most effective in its interventions with the medium sized family companies. What has been much more difficult is the saving of branch plants that are subject to closure by

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

Walter Howard Designs is one of the five large north London furniture makers still remaining. In the 1960s there were 25. It is still a family business. Above is seen a computerized saw that cuts chipboard precisely to specification. The flow lines can produce 200 bedroom suites a day. The recession has decimated the furniture makers. Some have now contracted with the price-cutting retailers. Most have cut prices and output to uneconomic levels. Walter Howard Designs has tried both, but neither offers sound hope of survival. The company has now linked with GLEB around a new strategy integrating design with production, adopting more flexible manufacturing systems and diversifying outlets. If successful, the strategy will provide a focus for restructuring the industry.
Jobs: 95. Investment: £500,000
Photo: Peter Addis.

multinational companies. Rediffusion is an exception, as was the case of Ramparts Engineering in Southwark. In the latter case, the parent company Chubb was persuaded to keep the plant open, with a small tranche of financial aid from GLEB. But for the most part the production processes at risk are those which are locked into a multinational's division of labour and which cannot be effectively kept going if the company has shifted them elsewhere. Either GLEB is faced with redeveloping the site or with supporting workers' initiatives for producing alternative products. For the moment the product bank from the technology networks is not yet developed sufficiently for this second alternative to be readily feasible.

1.155 Instead, the resistance to plant closures by multinationals has shifted to the GLC, who have a specialised team working on the issue. In the case of

Kodak, Ford, Philips and Unilever, the GLC has supported the trade unions in the development of international collective bargaining. The form of GLC aid has ranged from the hosting of public inquiries, to the provision of research, conference and translation facilities and public support. All such initiatives are more closely bound in with GLC members arguing the case for retaining London's plant at the political level and supporting the trade unions as the main power of resistance. This is why the work is located in the GLC.

1.156 Ninthly, there has been considerable discussion about how best to enter a sector. Sector strategy may suggest priority firms around which GLEB would wish to build a sectoral intervention. But these firms are unlikely to want to be involved with GLEB, and their workforces have been generally weak. On the other hand, firms whose managers or trade unions approach GLEB for help are likely to be more open to GLEB's forms of intervention, but they have not, on the whole, matched sectoral priorities. Some projects are therefore strong strategically, but weaker on the side of enterprise planning. Others are stronger on enterprise planning but weaker strategically. GLEB has backed both ways into a sector. Where a project comes to GLEB the Board insists on a strategic evaluation. Where GLEB identifies a target firm from sector strategy it insists on its conditions and, if necessary, waits until the firm is weak enough to accept them.

1.157 Lastly, there has been the question of sectoral strategy itself. This has become increasingly important as a guide to GLEB intervention and a number of strategy papers have been drawn together, discussed and revised to this end. They can now be seen as an essential step in the extension of GLEB positive role of intervening to reconstruct London manufacturing and service industries. It is these sectoral studies which make up the greater part of the *London Industrial Strategy.*

Productive intervention in practice: popular planning

1.158 A central task for the *London Industrial Strategy* is to increase social control over the process of restructuring. By and large, the immediate power to restructure has been in the hands of private companies and public sector managers. Trade unions have had to concentrate on defensive campaigns. In the nationalised industries industrial restructuring has been extensive but it has largely been dominated by commercial criteria. In the large public corporations, managers are usually recruited from the private sector and are neither encouraged nor inclined to involve workers and consumers in reorganising public enterprise. The battle that the GLC had in bringing London Transport under control exhibits the difficulties faced by any strategy of 'restructuring for labour'.

1.159 One of these is that commitment by politicians and planners to alternative strategies is not enough. They lack the range of knowledge that is

necessary to survive, let alone transform, the complex commercial world of marketing, technology and finance. It becomes necessary to depend on managers and experts who, in general, are unsympathetic to alternative forms of restructuring and economic control. How can this be changed?

1.160 The development of an alternative investment institution is a necessary first step, staffed with people who understand the practices of management, and the principles of the alternative. This is the purpose of GLEB. But our experience has shown that new public investment institutions like GLEB are not enough. They and the political authorities to which they are accountable need the power and the knowledge of both trade union and community organisations if they are to carry out restructuring for labour. Without them, the GLC with its limited resources, and a handful of GLEB managers, will be quite isolated and forced back into a dependence on traditional managers. They will end up against all their good intentions, restructuring for capital.

1.161 The manifesto embodied that understanding, and in doing so reflected the new directions in trade union action that had grown in the 1970s. As industrial restructuring gathered pace from the late 1960s, trade unions developed fresh forms of action. Between 1969 and 1972 there were over 100 occupations against redundancies in the north east alone. In the traditional but declining industrial conurbations, for instance Merseyside, Tyneside and the West Midlands, shop stewards, trades councils and various trade union resource centres tried to develop a more strategic, less reactive trade unionism in defence of their communities. In London, the Lucas Aerospace stewards in west London played a central part in developing an alternative corporate plan with which to resist management's redundancy plans. In east London the fight to save the upper docks took a more offensive form as the 1970s progressed. In the public sector there were many hospital occupations in the late 1970s, and both NUPE and the NCU (previously POEU) have taken up and adapted themes developed in an industrial context — early warning through investigating employers, alternative plans and public enquiries — as a focus of campaigning. They have emphasized the involvement of users and the community.

1.162 These new kinds of trade union and community initiatives have come up against limitations through lack of political support. For groups in London the GLC's industrial strategy has provided the opportunity to achieve this support and the resources and platform it entails. On the other hand for GLEB and GLC the new developments in trade unionism have provided a vital, albeit precarious, base within production.

1.163 It is a new development in economic strategy for a local authority, or indeed any state body within the UK, to base its industrial policies on support for the initiatives and organisations of labour. The only other move in this direction was the drastically foreshortened attempts of Tony Benn and others at the Department of Industry in 1974-5. Normally the resources and the powers to plan have remained at the centre within the state or shared with management. Worker or community involvement has taken on a secondary

consultative form commenting on plans drawn up within the public authority. Popular planning by contrast involves sharing power, empowering those without official power. The end result on many occasions, for instance the People's Plans in Docklands and Coin Street, the campaigns against hospital closures, and the alternative plan at Ramparts Engineering, is an alliance around policies worked out together. Such alliances allow more power than either the GLC or the trade union and community groups would have on their own.

1.164 These alliances have taken a variety of forms. The Industry and Employment Branch has financed a network of trade union resource centres based in 20 different areas and different sectors of London. The Industrial Development Unit has been set up to work with trade unionists to anticipate management's redundancy plans and prepare strategies for resistance and alternatives. The Popular Planning Unit has provided support for trade unionists especially in the public sector. The unit has worked closely with shop stewards in multinationals seeking to establish international links. Trade unions have been involved in the conferences, public inquiries, hearings and working groups which are reflected in many of the chapters in this volume. There has been a close working relationship with the South East Region of the TUC. GLEB, whose chair is a noted London trade unionist, has developed enterprise planning through a support team drawn largely from the trade unions. There has been a programme of work around the use of GLC purchasing power (contracts compliance) and also trade union discussions fighting discrimination against black people within the workplace and within trade unions — discrimination which has often served to weaken the trade union movement.

1.165 This work has taken place against the background of recession. Industrial decline has seriously reduced the numbers and political weight of shopfloor organisation in manufacturing. Large sections of workers in London are in unorganised workplaces or, if formally recognised, are not actively organised. In many areas the destruction of industry has gone so far that, in Docklands for instance, people's livelihoods depend not on the future of the factories — there are none left — but on the future of the land itself.

1.166 For these reasons the original tools we inherited — enterprise planning, early warning, popular planning — have had to be modified. Enterprise planning has often been concerned not with extending the scope of collective bargaining but with establishing a framework for collective bargaining in the first place. Work on early warning has rarely been about anticipating crises. More usually it has been about bringing together the power of the GLC and GLEB with that of the trade unions to save something out of a crisis. The idea of alternative plans has been taken forward most in the public sector where sections of the trade union movement have been able to maintain a strength to mount positive campaigns and bargaining positions, rather than in the manufacturing sector where it first began.

1.167 In spite of these difficulties, the steps that have been taken both by the trade unions and the GLC, have been of importance in developing the ideas

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

In the past, dockers loaded and unloaded cargo with their hands. Now it is carried in huge containers which are lifted by cranes. The dockers built up a strong trade union. The Port of London Authority has tried to undermine this strength by closing the upstream docks. Now the government want to build an airport in the Royal Docks, literally over the wall from a community of 12,000 people. The intention is to provide an express service for the City. It will not provide many jobs for local people. Many of those who live round the docks, retired dockers, sons and daughters of dockers, have organised a campaign to stop the airport. With the support of the GLC they have drawn up a detailed alternative showing how the docks and the land could be put to better use. Their plan proposes to reopen one of the docks to European short-haul shipping with dock related industry; it proposes that another dock be used for houses with gardens for the hundreds of families who want to move from nearby tower blocks, and sports facilities for the local community. This is a good example of what we mean by 'popular planning.'

Photo: (above) National Museum of Labour History; (right) GLC.

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

and perspectives that are reflected in this volume, and in the *London Labour Plan* which is to follow.

1.168 A second perspective of the manifesto was the importance of linking users and local communities with trade unions in the making and practice of strategy. The significance of this has been brought home in the public sector campaigns against the cuts. Unions in Direct Labour Organisation and tenants organisations, for example, have often been in conflict with each other. The same divisions existed on London Transport, or among caretakers and tenants on council estates. There have been notable achievements in overcoming these divisions in the past few years. The campaign against STOLport was one instance. The Hayes hospital occupation another. There has been slow but significant progress on some estates with tenants groups working out compromises with local DLO organisations. There has been some coming together of transport workers and users in the campaign against the government takeover of LT. Where these links have taken place it has greatly strengthened the campaign for maintaining and improving jobs and services.

1.169 A number of the public sector chapters raise and reflect these problems. But it is important for a number of private sectors as well. The movement for the conversion of the arms industry to peaceful purposes is one example, the food industry another. In terms of employment GLEB has concentrated on meat products, wholefood and ethnic minority food. On the user side, the GLC has funded a Food Commission to work for the improvement of food products, while the ILEA has adopted a new food policy for the school meals service.

1.170 Another way in which the interests of people as workers and users has been linked is through industrial area initiatives — in the King's Cross area, in the Hackney Road, in the Royals, in south Docklands, and west London. Here sites have been developed which provide local housing and local work opportunities together (this is the aim behind the Coin Street and the Courage developments on the south side of the river, and in the Battlebridge Basin area in King's Cross). In other places, the area offices support community enterprises, and provide premises and services for local industries which use local skills.

1.171 There are two basic points underlying this part of the GLC strategy. First, no alternative plan for an industry can be developed adequately without the central involvement of workers and users in that industry. Second, any strategy must not only address the question of alternatives. It must also take account of how such alternatives can be brought about. It must deal with the question of power as well as direction.

Boundaries and incursions

1.172 The struggle between the economics of capital and the economics of labour has taken place within each of the three main sectors of the London

economy. It has also taken place over the boundaries between them and their relations one with the other. At the present time, the government is attempting to reduce the public economy, pushing labour back into the home and colonising areas of public production by private capital.

1.173 A strategy for socially useful production would aim to reverse this movement. Its first task is to re-assert social control over the public economy itself, and having done that to use this base to strengthen those forces that are arguing for an economics of labour in the private economy. There are a number of ways this can be done:

- by extending direct labour to produce goods and services required by public bodies and their employees;

- removing restrictions on public producers which prevent them from selling in the private market. In the public market, direct labour organisations should be assessed against private competitors employing workers on parallel wages and conditions to those of public sector workers;

- the planned consolidation of the public economy to extend the public sector market for direct labour production and increasing the bargaining power of public sector bodies with the external market. In 1979 public corporations alone spent £12,500 million on goods and services from the private sector. At the moment there is severe fragmentation in the public sector. Different public authorities run their own laundries, canteens, maintenance departments, purchasing organisations, with no reference to others. Why should not the GLC Supplies Department purchase as full a range of products for the NHS as the LCC did when it organised most of London's hospitals through the 1930s and 1940s.

- purchases from the private sector should be restricted to firms on an approved list who adhere to a code designed to maintain fair wages and equal opportunities on a par with requirements prevailing in the public sector;

- taking back into social control those public enterprises and services which have been sold off to the private sector, particularly the transport and telecommunications networks;

- insisting on public ownership of technological innovations funded by the state;

- ensuring that any public funds advanced to the private sector carry with them a share in the equity of the receiving firms. This is particularly important in the case of interventionary rescues;

- selected interventions in key parts of industrial sectors to ensure a programme of effective restructuring.

1.174 Much of the discussion of British industrial policy has centred on institutions: public ownership, a national investment bank, a national enterprise board, and so on. From the perspective of alternative production all these are necessary but they mean little if not geared to a strategy. How would Unilever be different if it were taken under public control? What would restructuring for labour mean in that instance? What is the key point of control in the food industry — research and development, the supply of materials, food processing plants, marketing or retailing? Which is the relevant public instrument will depend on the strategy to be pursued. There is no point in extending public power for its own sake, particularly if that power is not organised to support trade unions and users in developing alternative strategies in the industry.

1.175 There is one more general point about the public sector which relates to employment. There is currently little prospect of a return to full employment through the expansion of private sector jobs. The attack on the public economy has reduced employment and the provision of necessary services. Its expansion could improve both. The basic principle of the public economy is to employ labour to meet specific needs. The barrier to providing work for all who want it in the public sector has faced one overriding barrier: that it would have to be financed from taxation and thus in part from withdrawal of funds from the private economy. According to Keynesianism, the return to full employment would expand national output so that the funds would effectively generate themselves. We have seen that there are limits to this. Nevertheless, if new jobs were provided both to expand services and to contribute to the productive restructuring of both private and public economics, the inflationary effect would be reduced. We should remember that two-thirds of the increase in service sector jobs in western Europe in the post-war years have been in the public sector.

1.176 In summary, an interventionist strategy based on production has the following main features:

- an emphasis on long term strategic production planning of industries;
- a concern that restructuring in all sectors of the economy should be carried out in the interests of those who work in the industry and use its products;
- a commitment to the development and application of human-centred technology;
- a strategic concern with improving the conditions and hours of work in the domestic economy, and with improved means of integrating domestic work with other parts of the economy in order to improve the living and working conditions of women;
- a priority to extending social control over the public economy through increasing political, trade union and user control;

- a commitment to popular involvement in all aspects of strategic policy making (popular planning) and in the operation of enterprises (enterprise planning).

Local and national

1.177 In both the monetarist and Keynesian strategies there is little room for local government in the development and implementation of economic strategy. For monetarists, the main task of local councils is to reduce their interference with the market and, where they do intervene, ensure that this intervention removes barriers to the market. In the property market, they argue that councils should put surplus sites on the market and that planning restrictions shoud be eased. Enterprise Zones are an example of the monetarist strategy of restoring employment through reducing controls.

1.178 The most important monetarist employment policy for local government, is the cutting of rates. The CBI has for long said that it is the rates which are cutting employment in London and have used this as their principal argument for supporting proposals for the abolition of the GLC.

1.179 Recent research undertaken for the Department of the Environment has now effectively undercut this argument by showing that there is no evident relationship between the levels of rates and employment. This is confirmed by the GLC's own research, which suggests that the main effect of a rate rise is to reduce property prices. In the short run small firms may have to bear the cost of this increase until their next rent review, but even if they do go out of business, new firms will start or old firms expand to take up the gap in the market. For these sectors are predominantly local. In the case of larger firms with national and international markets, rates are a trivial portion of total cost and are not cited as significant in the large firm surveys that have been conducted.

1.180 The argument can be extended to support the proposition that financing employment through rates is likely to expand overall employment in London. If rates are lowered, property prices rise and with them the rents received by property owners. Some of this increased rental income might be spent locally — on the consumption of services or on local investment. But there is likely to be a high leakage out of the local economy, both through consumption on imported goods and on investment outflows. The same sum if held by the local authority through a rate increase would be largely spent locally. A local council's propensity to import or transfer funds out of London is almost certainly less than that of the owners of property and the recipients of rent.

1.181 Part of the evidence for the inverse relationship of rents and rates has come from the Enterprise Zones. The rate exemptions in the Zones have meant that property prices and thus rents have risen within the Zones, so that much of the incentive for new development has been lost. Certainly the Isle of Dogs

Enterprise Zone has created few new jobs in its initial years of operation, apart from the impact arising from the large public investment in its infrastructure.

1.182 The urban property market is inherently imperfect. Reductions in rates or the offer of other incentives attached to land (such as are found in the Enterprise Zones and Freeports) merely serve to increase land prices and provide windfall gains for property owners.

1.183 This is the basis of the case against monetarist policy on the land market. But there is a more general point. The reliance on the market by local authorities cannot be expected to expand employment, since London's present unemployment is the result not of the market working imperfectly, but of it working too well.

1.184 Keynesians too have given little place to local councils in broader economic strategy. For them the problems of London require national reflation rather than local intervention. Local councils have only marginal significance. They should step in where local markets fail — in the training of labour for example, or the provision of small industrial premises, business advice or economic information. Again, as with the monetarists, the emphasis is placed on getting the market to work, and as with the monetarists, the weakness of the strategy at a local level is that it has been the market that has been the bearer of London's recession

1.185 With an interventionist approach to production, however, local authorities have an important place in national strategy. They are in a position to support changes in the domestic economy and to consolidate their own public economies. They can extend the influence of their public economies, through municipalisation and the use of purchasing power and pension funds, and intervene in the private economy through direct investment. Furthermore, if strategies and institutions are to be built from below then local councils form one of the principal building blocks.

1.186 It has been in part the economic initiatives taken by local authorities over the last four years that has focused interest on the production-led approach. The emphasis has varied. Sheffield has sought to extend direct labour production to provide goods previously bought from the open market. They have also emphasised the improvement of the working conditions of women, at home and in wage work, and on extending democratic control within the public sector. Lancashire has developed through their Enterprise Board an industrial complex centred on the fishing industry in Fleetwood. The West Midlands have concentrated on measures to provide long term funds to medium and large firms, linked into a restructuring plan for key segments of the engineering industry. Leeds have developed a substantial programme of co-operative development and training. In London, the GLC and, now, Hackney and Haringey have set up Enterprise Boards, and have been pursuing similar policies. In each case these councils have refused to remain on the sidelines, offering a grant here, running an advertising campaign there. They have entered directly into production and, in doing so, have shown the potential and the difficulties of this approach in practice.

1.187 What emerges from these experiences is that the local and the national are not alternatives, with local councils extending municipal production while the national government takes care of reflation. Rather, in case after case, it has been clear how local initiatives need the power and scope of national government to be fully effective. With multinationals, for example, alternative strategies can be developed by the unions working in conjunction with relevant local authorities. But it needs the power of a central government to bargain with Ford over its location of investment and its access to both national and public sector markets. With cable, energy, software, food, airports and the docks, national policies are immediately called for as the result of the studies of these sectors in London. In some cases it is a question of finance, in others one of tariff policy or national regulations. But beyond this in almost every private sector we have studied, the extension of social control for the purposes of restructuring requires intervention at the national level.

1.188 These studies indicate that a national public investment body is needed with the powers, the staff and the funds to control the commanding heights of the main sectors of the economy. In one sector it will be a strong social presence in distribution. In another it might be in research and development. In a third, the best approach will be the takeover of a leading firm that integrates different parts of the sector. In each case a strategy of public intervention will need an understanding of the structure and direction of the industry, in order to identify the key points for social control.

1.189 We would see a national production board standing in a federal relation to local enterprise boards, providing a forum for the co-ordination of local municipal initiatives and a framework for linking national and local interventions in the same sector. The same would be true of the development of sector strategy, for if a national production board is to avoid a discredited planning from above, it must build on the work that emerges from below. Learning from the experiences of GLEB it would be important to devise appropriate forms of democratic control based on parliamentary accountability, a strong trade union input and a federal relation to local and regional enterprise boards. It would provide a framework for linking national and local interventions in the same sector. It would develop sector strategy in a way that built on plans put forward by trade union organisations and local authorities. It would be part of a newly constituted Ministry of Industry. It would co-ordinate sectoral policy and implementation, linking with unions, local councils and a co-ordinated public sector.

1.190 Traditionally local government has been seen as performing tasks delegated to it by national government. But the approach of popular planning suggests a different model, one that starts from the local and ends with a role for the national by virtue of its power over law, tax, money and the foreign exchanges.

1.191 Work towards this has already begun. Local authorities who have been concerned with the clothing industry are meeting to develop their local strategies into a national one. There have been similar meetings on food, and

on a number of multinational firms who dominate particular sectors. These discussions need to be extended, so that over the next three years a set of national sector strategies emerge from municipal, trade union and user initiatives. The studies presented here are intended as a first contribution to this process. Each needs extending and deepening. Others need to be worked on. We would welcome comments and additions from all and everyone for whom these perspectives have a resonance.

A prospect for London

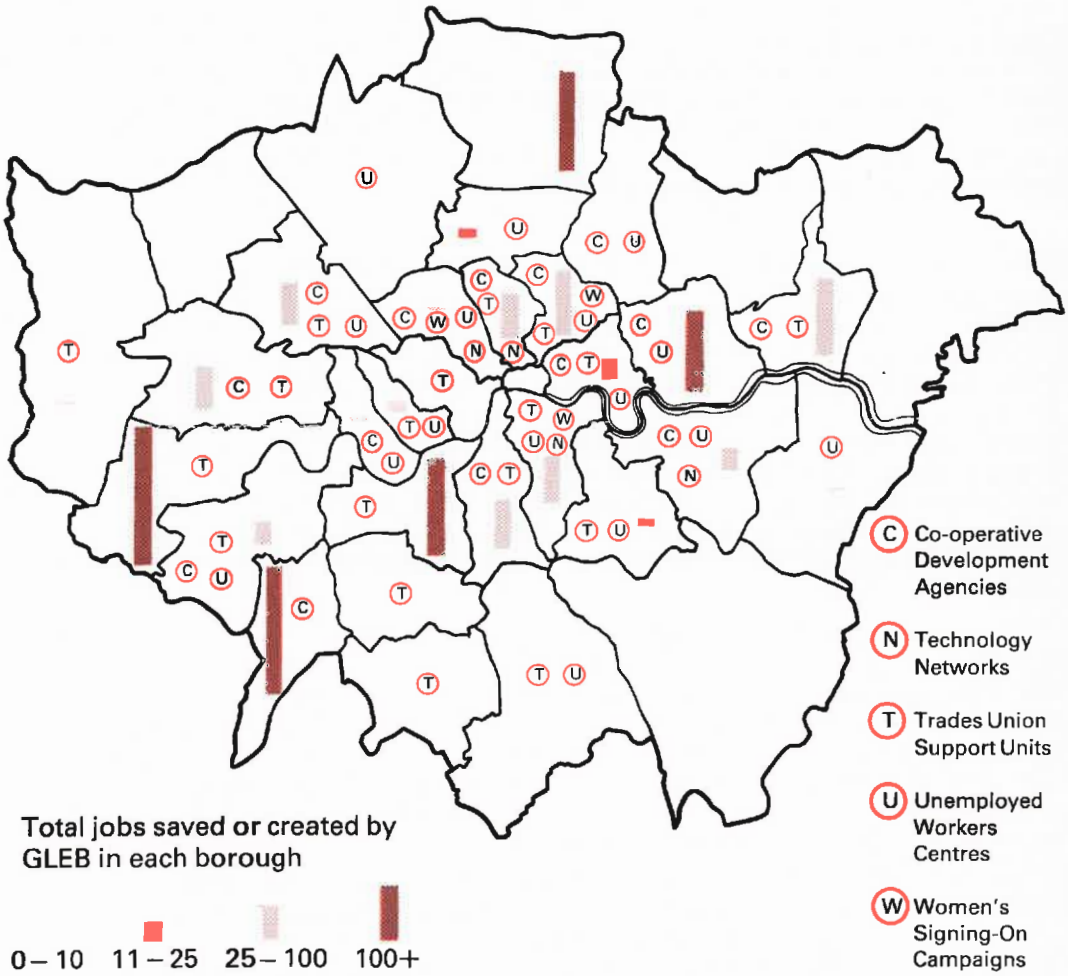
1.192 What does all this imply for employment in London? The 1981 Labour Party manifesto foresaw a GLC employment programme which built up to a level of 10,000 jobs a year by 1985. If we add to the 2,300 GLEB jobs, the 5,000 construction jobs financed through the GLC and GLEB industrial property programme and the 2,600 training places funded by the Training Board, we see that this target had been effectively reached by the beginning of 1985. This is quite apart from the 600 jobs in childcare and the jobs in the voluntary sector funded through the GLC's grants programme, particularly in the cultural industries.

1.193 The chapters in this volume cover only a selection of the sectors of London's market economy, yet they suggest that a further 14,000 jobs could be saved or created by GLEB and the GLC within existing budget over the next four years, on the basis of known projects and firms. This excludes the many projects that come to GLEB from other sectors. Indeed GLEB currently has before it three times as many project proposals as it can fund. If adequate funds were available we would foresee GLEB creating **24,000** jobs over the next four years through direct investment and loans.

1.194 In GLEB's existing investment, the 2,300 jobs are expected to increase to 3,500 over the next two years as firms carry out planned expansion. This is a job expansion ratio of 50%. There will be further job multiplier effects as the result of increased demand by those employed on GLEB projects, and the demand for machinery and inputs by the enterprises themselves. These would not necessarily increase jobs in London. Some would be supplied from other parts of the country or from abroad. One of the important reasons for extending the *London Industrial Strategy* would be to ensure that such indirect expansion effects did serve to strengthen further the London economy, and the economies of other depressed areas. In this context, we estimate that each GLEB job could generate another half a job through these indirect effects. Adding this to the direct job expansion plans of GLEB supported enterprises means that we can expect the target of 24,000 direct GLEB jobs to lead to 48,000 permanent jobs in London over the next four years.

1.195 This is a measure of the scope for a policy of active local intervention in the market economy, and also of its limitation. A new national industrial strategy is required to ensure that the direct and indirect employment creation from local initiatives is secure, and to extend further the process.

Jobs saved or created by GLEB and location of agencies funded by GLEB and the GLC.



1.196 Registered unemployment is currently 400,000, and still rising. The GLC, even with an expanded budget and in conjunction with a network of Borough Enterprise Boards, could not expect to provide the bulk of the jobs that are needed. Within the market sectors in this volume, new government policies on cable, the cultural industries, software and the motor industry could be expected to save or create **37,000** jobs in London. A national strategy for the food, furniture, clothing, instrument engineering and printing industries could significantly add to the job targets drawn from GLEB's own plans. The policy on the conversion of the defence industries, particularly in relation to the government funding of military technology, would have a major impact on the long term prospects of London non-military production. Merely diverting a

third of military expenditure to alternative public sector programmes would create 100,000 jobs in London.

1.197 In the public economy, a nationally financed infrastructure programme and new policies on energy, telecommunications, public transport, airports and the docks, could, save or create 97,000 jobs in London. This would be much larger were it not for the shortage of skill resulting from the run down of training over the past five years. The health care programme outlined here involves the creation of 50,000 jobs. We also estimate that an adequate childcare programme would involve the creation of 6,000 jobs, bringing the public sector targets to **153,000** jobs by the end of the decade. Added to the 37,000 extra jobs in the private sector resulting from national government policies, we can see that changes in government policy in the limited number of sectors we have studied, could save or create 190,000 jobs, rising to some 300,000 when we allow for expansion and multiplier effects. If the approach we have outlined here was extended to a comprehensive national industrial policy and if the interests which stand in the path of progressive restructuring could be confronted with the same vigour that the present government has shown in defending them, then we believe there is a prospect of providing jobs for all those who want them. More than that, there is a chance too of taking a major step in that much deeper transformation of what is produced in London, how and for whom.