

FALSE HOPES AND REAL DILEMMAS

The Politics of the Collapse in British Manufacturing

Huw Beynon

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If one thing is clear about the present situation it is that we are living through a major recession in the capitalist world system, and one which finds the British economy particularly vulnerable. Perhaps the sympathetic interest shown by the financial press in the writings of Kondratieff and Mandel on "long waves" is the most quixotic evidence of this. More immediate has been the astounding collapse of manufacturing industry in Britain. As a source of employment and production, this sector of the economy has declined at a dramatic rate. For every ten jobs available in manufacturing industry in 1971 only seven remained in 1981. From a peak of eight and a half million jobs in 1966, employment declined to first seven million in 1979 from which date the decline has accelerated downward to the five and a half million mark in 1982. Currently manufacturing output is 15% below the "peak" of 1979, and the lowest level since 1967. In 1982, for the first time during this century more manufacturing goods were imported than were exported.

While the decline has been general in its impact, certain industries and regions have been particularly badly hit. Between 1979 and 1981, employment in metal manufacturing fell by 26.4%, textiles by 23.4%, mechanical engineering 19%, clothing and footwear 18% and vehicle manufacture by 15%.¹ It produced devastation. In towns like Consett in Co. Durham devastation followed when B.S.C., the town's only employer, closed its steel works in 1981. In the West Midlands, the centre of metal manufacturing, jobs were lost at a rate of 1,000 a week throughout the

period, and the employment structure of towns like Coventry were transformed. In 1976, 186,000 people worked in the city; 57.4% of them were employed in the manufacturing sector. In 1982, at least 30,000 jobs had gone and of those that remained only 29% were in manufacturing.²

This is a devastation of dramatic proportions. Yet in the summer of 1981 we were reassured by the Tory Chancellor, who told us that "we are now at the end of the recession". The squeeze (upon money supply and upon labour) had done its job. The economy was on the move again; an economy transformed by higher efficiency and new attitudes. The "British crisis", we were asked to believe, had been solved, and a new way had been found for capital and labour to move forward together. It hasn't turned out quite like that, and it is important to examine the failure in more detail, for it lies at the heart of a growing crisis in the political and social fabric of British society.

The Crisis Unfolds

In 1981, the Chancellor was not alone in his optimism. In July the Financial Times had observed that:

From the boardroom downwards, overheads have been cut and shop floor operations improved - often with the help of investment in automated and electronic plant. Restrictive practices have been reduced and labour flexibility increased. Financial Times, 29th July, 1981.

This led to the paper's economic correspondent expressing the view that: "the worst of the British recession may be over and, for the first time in more than two years there are signs of a pick-up in some sectors" (August 13th). That same month (and as official unemployment figures registered 2.94 million) the Institute of Directors took up a brand of strident optimism which it would cling to for the next eighteen months. To the Institute, the trends did not:

fulfill the prophecies of the doom and gloom merchants who have been waiting with relish for the breaking of the three million barrier. Economic recovery and the beginning of a significant reversal of trends to higher unemployment will begin to make itself felt towards the end of the year. (Financial Times, August 26th, 1981)

In the following months while working managers "on the ground" became more and more depressed, macro-economic forecasters encouraged them to look on the bright side. As late as April 1982, Laing and Cruickshank, Cambridge Econometrics, and Oxford Economic Forecasting were in broad agreement that a slow but steady rate of growth could take place through 1982, followed by more energetic expansion in 1983. By that time though, fewer people were convinced. Official unemployment figures had passed over three million with a rise in April substantially higher than in March and February. The number of vacancies notified to Employment Offices had also declined. To this were added figures for November - February 1st which revealed a 1% fall in production. The CBI's Industrial Trends survey (based on 1695 manufacturing companies) revealed "still no evidence of any noticeable recovery in activity." The Association of Independent Businesses, in a survey of their 1,700 members, found "no clear indication of an upturn in economic performance.", and that 46% of them anticipated a further reduction in the number of people they employed. Commenting on the situation, Sir James Cleminson, Chairman of the CBI, said this:

Government ministers are looking on the bright side, which I would do if I were a politician. But overall I do not think there has been a coming off the bottom of recession that the

Chancellor would like us to believe. (Financial Times, May 6th, 1982).
and so it proved.

In May a Henley Management College research paper found that the number of companies going out of business reached a ten year high in 1981. Henley Director, Graham Hilbourne explained how

Not only is there a rising trend but it is also the first time in four years that the percentage of 'deaths' to total registrations has overtaken the percentage of 'births'. (Financial Times, May 11th, 1982).

In the same month the quarterly review of ASTMS reported that employers had "just given up" and were just laying off clerical and managerial staffs or not replacing those who left:

For the first time employers have abandoned hope of an upturn. This is the most pessimistic quarterly review we have ever produced. We can see a slowing down in the unemployment rate, but no sign of its climb stopping. (Financial Times, May 14th, 1982).

Of Europe, the OECD said that "recovery" to date was rather technical and that it offered

little hope for preventing a further rise in unemployment ... The durability of any technical recovery which gets underway is questionable unless it is joined by strong private investment. (Financial Times, May 24th, 1982).

Support for this view came from the Department of Industry whose estimates of manufacturing investment based on a "survey of intentions" revealed a drop from £3.60 billion a year to £3.58 billion. The National Institute of Economic and Social Research in the Centenary issue of the Review commented:

there must be some doubt whether the period since last spring should be considered a genuine cyclical recovery at once.

Output in May 1982 (almost a year after Howe's predicted turn about) was still 13.5% below the level of May 1979. In the view of Campbell Frazer, President of the CBI, "the light at the end of the tunnel" was akin to an "anaemic glow-worm". (Financial Times, May 26th, 1982). This view represented the hardening opinion amongst industrialists that the recession was deepening and that specific government measures to help industry were needed. It was a view which brought the CBI openly into conflict with the Institute of Directors. Campbell Frazer made it clear that employers were "becoming increasingly sceptical about the long-heralded upturn" (Financial Times, July 22nd.) Beckett was firmer

Six months ago (companies) were saying that they had got things back to a level where they would be able to keep their people and that they would be OK for the rest of the recession. Now they are concluding that they have got more to go and that it could stay like this for a very long time. (Sunday Times, July 25th, 1982).

The industrial editor of the Financial Times agreed. As a result of one of his regular tours of large manufacturing companies he concluded that:

the heartland of British industry has been reduced so drastically in size - especially in the West Midlands and the North West - that there is insufficient volume of confidence to pick the companies off the bottom of the recession. Investment decisions

are being held back ... (and) many companies are still working at 50 to 70 per cent of capacity, having already cut their work forces by 20 to 50 per cent over the past two to three years. An alarming number of them privately expect to shut more factories and declare more redundancies in the next few months.

In this context a speech delivered by Lord Nelson of Stafford, Chairman of GEC, the biggest private employer in the country, was significant. In his view, full employment would never be seen in Britain again. Such a norm was something which "we cannot expect to see". As such "the maintenance of stability in the community" emerges as the main problem to be resolved. Of this The Times commented

he is the first industrialist to state publicly what has been talked of quietly in the city and Whitehall for two years; there will never be as many jobs as there were before the 1979 change of government. (6th August 1982).

This view was endorsed by David Young, Chairman of the Manpower Services Commission, "In the manufacturing sector, I do not see any upturn in the numbers employed whatever happens in the economy." Soon after the unemployment figures reached a new high of 3,282,702 (13.8%) and going at a pace faster than in any other major developed country. David Blake, for six years Economics editor of The Times, wrote:

After many years in which we have been imposing short-term suffering in the name of long-term efficiency, I believe the economy is worse equipped than ever to sustain a long period of rapid growth. (July 21st).

And on the Jimmy Young show, Howewas forced to recognise

Unemployment, on this scale, is here for a long time.

We hope that we are reaching, coming near to, the top of the long climb in the unemployment figures and that we should be able to start a gradual movement down in the opposite direction. (August 25th, 1982).

This climb-down by Howe was significant. Equally important were the views of his cabinet colleague, Norman Tebbitt. Earlier that month, he had spoken at a constituency meeting in Angus South. He joined with the Institute

of Directors in the attack on the doom mongers: "The pessimists say we can never solve unemployment. They are wrong and I intend to prove it."

At the end of the year, the proof seemed far away. In November the official Treasury forecast was for 3.5 million unemployed in 1983 and by the January more people were unemployed than ever before. Manufacturing output reached a 17 year low, and the OECD predictions (scaled down yet again) were for a stagnant British economy, held back by loss of competitiveness since 1979 (OECD Economic Outlook No. 32). In February the CBI was predicting a further 80,000 sackings in manufacturing by the end of May. Tebbit's tenacity, however, is significant, so is its timing. To understand this better we need to look, once again at the false dawn of 1981.

A "Productivity Miracle" ?

During the 1970's, the "problem of British industry" became understood as a crisis of productivity. In the motor vehicle sector the shift from the prognostication of Ryder (low investment) to that of the CPRS (low productivity as a result of wrong attitudes) was a significant one.³ It influenced the thinking of the last Labour government (especially in relation to the vehicle industry), and it has been central to the industrial strategy of the Thatcher administration. Here unemployment (a consequence of money supply management perhaps) has the function of changing attitudes. Classically the squeeze of the late 1970's was expected to both adjust wages and change the attitudes inimical to efficient working and thereby provide a spring board for new industrial investment and growth. In the summer of 1981 many members

of the Cabinet were convinced that this change had occurred. Certainly Walter Goldsmith of the Institute of Directors was as he talked endlessly of the "productivity miracle".

The basis of this optimism lay in several quarters. To begin with wage rates in Britain (already comparatively low) had risen at just 45% of the average for other OECD countries between 1979 and 1980. This dampening effect on wages was reinforced symbolically, as key groups like the miners and the Ford workers (wreckers of government plans in 1974 and 1978) voted for modest settlements. Output figures were another course of encouragement. In the 1980-81 period, while manufacturing output fell by 14%, output per person per hour increased by 6%. In fact in the twelve months to September 1981, output per person rose by 10%. As Melvyn Westlake wrote in The Times:

As jobs in manufacturing industry disappeared last year the remaining employees worked much harder producing a dramatic boost to productivity. (30th March, 1982).

Here indeed were the ingredients of a miracle, particularly if extrapolated three years hence. However, in the figures themselves there was cause for concern.

To begin with, the advantage, while dramatic was quite modest in international terms, as other capitalist states performed similar cost-cutting exercises, often from a more advantageous base. This becomes the more significant when profit rates are compared. In 1981, for example, a survey by the Department of Industry compared net rates of return on manufacturing capital in three countries: U.K., West Germany and the U.S.A. In the periods 1960-62, 1972-75 and 1976-79 the rate

return in the U.K. fell from 15% to 8% and down to 6%. In West Germany the figures were 29%; 18% and 17%; in the U.S.A. 26%; 21% and 22%.

(British Business 1981). Furthermore there was a suggestion that the increase in productivity was itself spurious. The 10% rise was much higher than recorded in any other post-war downturn, and the fact that it was achieved at the time when aggregate output collapsed suggested to some that the cause might lie somewhere other than in a revolutionary change in attitudes and practices. The most likely cause lay in the advantage gained from the closure of less productive factories and, (in a period of general excess capacity), the concentration and reorganisation of production around fewer units. This worry was voiced by the NEDC ("the gains, though valuable in themselves, will do very little to improve the UK's economic prospects"), and to it another was added. The economic squeeze, it suggested, might produce short-term gains but at the risk of long term recovery:

if companies economise by cutting down training and research, thereby undermining future competitiveness, then to this extent change can be particularly harmful.

In all, the committee felt the "miracle" claims overstated. It asked for clear evidence to show that the recession had induced "any positive changes which will survive in periods of growth."

In 1980 and 1981, the evidence if anything supported the NEDC's fears. In 1981 capital spending was down 5% on the low 1980 figure, while the export of capital (half of it portfolio investment) increased to a rate of £200 million a week throughout the year. Ironically it was just this squeeze on home investment which industrialists pointed to (individually and through CBI) as "a major cause for concern". In private, one junior minister at the Department of Industry put it like this:

She (Thatcher) thinks that by getting people's backs against the wall, things will improve. She doesn't realise they're standing on the edge of a precipice.

In the Midlands, and less vividly, many business men concurred.

David Pubert of Cannings felt that:

The demand has gone; the capacity has gone. Manufacturing industry has shrunk and non oil manufacturing investment is not there. The worry is that we might not have the techniques in future to cope with a revival in the UK market. (Sunday Times, 31st June, 1982).

George Hardie, Managing Director of Johnson, Smith and Brown, observed that throughout 1980 and 1981 the company had been investing only in line with its rate of depreciation and not the necessary and 'normal' practice of one and a half times its rate.

That's alright for a year or two, after our previous heavy investment programme, but in a year or two more, if we cannot find the funds for reinvestment, then we just get weakened and can't compete. Then we might have to drift out of things again. (Financial Times, 9th March, 1982).

As John Young, Managing Director of the Weir group put it:

I'm not talking myself into false hopes. The recession has shaken us up and that's good, but I'm worried about the persistence and the length of it. (8th March, 1982).

The worry here is that in the newly constructed post-war political economy (where states provide large proportions of fixed capital and provide the market conditions to realise profit) the "solution" to the British crisis might involve "a permanent reduction in the economic capacity of the manufacturing sector". (Financial Times, 26th January, 1982). In the words of one Chief Executive "This government has failed completely to understand the collapse taking place in capital investment." (Financial Times, 27th April, 1982)

The anger here, verged upon fury in some quarters. All the more so because of a felt political impotence. The CBI might protest but, at the end of the day (at its Eastbourne conference in the November of 1982) they would have to get on board. For, as one Tory MP told the Sunday Times

Normally, they would be straining to get the devils out, but

they know they risk letting the other devils in. (7th November, 1982).

In the face of this political impasse (one which I'll return to later), the focus of attention shifts to the factory floor.

The Turn of the Screw

In 1981, Ron Todd, chief union negotiator at Ford UK, expressed the view that: "we've got three million on the dole, and another 23 million scared to death". His feelings, powerfully expressed, were that workers - in fear of their jobs and their livelihoods - were in no state of preparation for a major assault upon the employers or the government. A recession is a time for keeping your head down, not for heroics. Todd's view was supported by a union official in the Midlands:

workers in the factories have had the stuffing knocked out of them. The union movement is in disarray, and workers are just anxious for a quiet life and to protect what jobs they have.

(Financial Times, 27 April, 1982).

And the truth is that there's enough to be scared of. Throughout the North East of England, for example, the closure of factories, pits, shipyards and steel mills has reached avalanche proportions over the past three years. Union shop stewards talk of representing "a frightened work force". As one man put it:

people are terrified; there's no other word for it. And the company is playing on this fear.

One factory convenor describes how

One time, if I had a meeting with management no-one in the factory could care less. You know the sort of thing: there would be union meetings, and regular negotiations with the company over one thing and another, and we more or less got on with it. Communicating with the members through the branch and the notice board. Not any more though. When we come

out of that office now, I can see hundreds of pairs of eyes on me. Every time I'm called into the manager's office, the people I represent are afraid that they're going to close. And I feel that fear too.

This fear is not irrational. Too often closures had hit "out of the blue". Like at the Plessey factory in Sunderland. In March 1977 the shop stewards were asked to attend a special evening meeting at the plant. As they arrived, security guards locked the doors behind them. No-one was allowed out. They had been brought together for sentencing - closure. One man hadn't been able to attend the meeting.

I'd arranged to meet the stewards in the workman's club just around the corner after the meeting to find out what was going on. When I walked in I met one of the lads at the door way and he just ran his hand across his throat. The stewards were all sat in the corner and their faces were all white. I realised then, without any words, I realised that it was closure.⁴

Aware of events like these, workers do worry, and managers have been known to play on their vulnerability. The threat made by Robert Maxwell in July 1981 to "appoint a receiver tomorrow" unless he obtained a "new manning agreement" was not untypical. Similar threats (issued to SOGAT members at BPC's Park Royal works in London) had been issued to workers in plants throughout the country as company strategies adjusted to the realities of the recession. At a business seminar in 1980, for example, Len Collison, Chairman of Collison Grant Consultance assessed the position in this way:

We have an opportunity that will last for two or three years then the unions will get themselves together again and the government, like all governments, will run out of steam. So grab it now ... We have had a pounding and we are all fed up with it. I think it would be fair to say it is almost vengeance.

During a war the fronts move, changing their location and shape as the various weaknesses and strengths become exposed. Factory life can be a bit like that, and in 1977 on Merseyside no-one was in any doubt about who was in the box seat. At the Yorkshire Imperial Metal factory in Kirkby, for example, an internal memorandum pointed out that:

Merseyside has a reputation for militant trade unionism originally associated with the Liverpool Dock area, poor housing and high unemployment. This reputation, although often exaggerated, is justified and has continued even though new industries have moved into the area. ... Absenteeism is high ... and this situation is encouraged by a higher level of children per family unit than average resulting in high levels of social security benefits and support during sickness absence.

The company had earlier attempted to correct these tendencies through disciplinary procedures which had been resisted by the shop stewards' committee. In the new context, however, it was felt that "the morale and commitment of the supervision is being slowly restored" and that it was now possible to think in terms of "subverting the senior shop stewards' role further", thereby creating "an environment that will allow change to take place with minimal resistance."

The key element in this new environment has been fear, and in this, the experience of workers at BL has been of pivotal significance. In 1978, Michael Edwardes had been appointed as Chairman to the company. At the time The Economist thought that he "may have had the nod from Mr. Callaghan to play it tough. The government is known to want a solution to the Leyland problem wrapped up by early spring" (14 January, 1978). And play it tough he did. In Liverpool the dramatic closure of the Speke No. 2 plant was followed by an acceleration in redundancy and closures. As one

union official put it: "they've been given the green light now, if a nationalised concern under a Labour government can close its most modern plant in an area with high unemployment, anything goes." And within BL, Speke was the first of a long line of closures, and sackings. The beginning too of a strategy aimed at undermining trade union organisation. Management commentators write of the new "macho style"⁵ of management in the plants that remain; workers talk of "terror tactics". And its been clearly used as a model.

Within the private sector, Massey Ferguson at Coventry was quoted as having taken "a leaf out of Michael Edwardes' book" as the company by-passed the union and held a secret ballot on the future of the plant. BR, in the public sector, was compared in a similar way as it attempted to "seek a Michael Edwardes style productivity deal when it met with the three trade unions." (Sunday Times July 12th, 1981). Twelve months later, with ASLEF isolated, they seem to have pulled it off. So too, at BSC where McGregor has ripped through the steel workers union at an even faster rate than was achieved at BL. From his own ascendent position he is reported to have insisted that Siddal tell Scargill where he can stick the NUM's wage claim; also to have strengthened Edwardes' resolve in the sacking of Alan Thornett at Cowley.

As this process tightened its grip upon working arrangements so too did the employers organisation draw out lessons for their workers.

In August 1981 Pennock of the CBI explained it in this way:

people who are negotiating pay in the coming year must decide whether they want to push the jobless total still higher with big settlements or accept moderate pay settlements.

He added

this is not a threat to keep wages down. It is plain common sense.

This "common sense" was brought to bear on union negotiations. In the 1981 engineering pay round, Anthony Frodhsam of the Employers' Federation told Terry Duffy that in the past six months of the year, 237 of the Federation's 6,000 member firms had been closed or put into liquidation, and that in the twelve months up to May 1981, job losses in the industry due to closures had totalled 370,000. In these circumstances he said; "we shall have to pay something. I hope to scrape the bottom of the barrel and come up with something" (The Times 28 August 1981.)

In the Midlands Reg Parkes of the CBI predicted that engineering workers once renowned for their militancy, would accept pay increases in "the low single figures". He added

it is no longer a question of talking about what companies can afford to pay, but what their customers can afford. There is no more money in the kitty.

His colleague in the EEF concurred. Talking of a "mood of realism" on the shop floor he said this:

keeping your job is now so important. Employees know that if they get a silly wage rise, jobs will go. (Financial Times, September 1st, 1981).

A local union official talked of workers being "demoralised", knowing that, "there is no point in industrial action".

In the North East, an official of ACAS observed that

There is strong evidence that the fear of unemployment and a recognition of the parlous state of many industries has produced an attitude where people are unwilling to take a hard line and are prepared to forego pay increases or even take a reduction.

(Northern Echo, 8th May, 1981).

Burman and Sons (a subsidiary of the Adnet group) wrote directly to its 600 manual workers informing them that they had the choice of an £18 a week wage cut or dismissal. That a negotiated compromise of a productivity deal (one in which, to quote an AUEW official "some men will have to work harder to earn the same money") was seen as a victory, is perhaps the most telling sign of the times. It contrasts with the experience of workers like those at Pan Am in London, or Christine Tyler in South Wales, or UI in Manchester where wage cuts have been accepted as the price of a job. It contrasts with the docks, and the steel and coal industries (the core, heartland of the solid Labourism) where closures and redundancies have been accepted. It is with black humour that trade union officials note that "the only members the NUM can get out on strike work at Euston Road". It seems to affirm perhaps the existence of a new realism of working class people in the face of the offensive. It raises the questions: has there been a real turn around in political relationships in this country? Has the class offensive paid off; have the workers capitulated?

A Change of Attitudes ?

In the summer of 1981, one senior ICI manager expressed the view that
Never in my twenty years in production management have we had
such a mood for getting things done.

Dick Giordano, of BL concurred:

We have discovered a cadre of factory managers who have gone back to managing, Mrs. Thatcher has given management the environment to make changes (Financial Times, 23rd July, 1981).

As did Arthur Rothwell, General Operations Manager at Ford's Halewood estate:

Mrs. Thatcher has had no influence on my thinking, but she's contributed to the workers' realisation that if they don't do a solid day's work they're out because the government won't save them. (Financial Times 24th July, 1981).

At the same time, Tebbit was telling the Tory faithful at meetings throughout the country that "the common sense of ordinary workers" was winning the day against the "short sightedness" of "militant union leaders". This "common sense" was a platform from which Britain would become "more competitive and create the new wealth that would open the door to new jobs." (The Times, August 8th, 1981). In support of this view, financial and management journalists had scoured the country to bring forward reports of "the new approach". At GEC we learn of a new management style - typed "autocratic participative" ("you will be involved"!) and how the engineers, the test laboratory and the people in the factory have all been brought together out of their separate compartments ... the exercise has changed the whole industrial relations climate. (Financial Times, 14th April, 1982).

There is much talk of "learning from the Japanese" and, with that, ideas of "quality circles", "Kanban" systems of stock control and the like.⁶ But in spite of this output (of schemes and of rhetoric) any balanced account is forced to recognise that:

Managers are increasingly having to admit that, while they may hold on to some productivity gains, there is no real evidence of a dramatic permanent change in the attitudes of their work forces and unions in many areas. (Financial Times, 23rd July, 1981)

In fact, when it comes to an understanding of these attitudes, the

judgement of right-wing union leader Frank Chapple is much nearer the mark. "Dumb insolence" is how he described the mood on the factory floor, and it bears some examination.

Let's look at the experience of workers on the Halewood estate in Liverpool.⁷ There in a city with high unemployment, the workers have had it forced upon them time and again that their jobs are vulnerable and their future depends upon their attitude. Since their major strike in 1978 (when the Callaghan government's 5% norm was broken) there has been no national strike within the company. In 1980, a year of record profits for the company, the workers refused to strike, voting to accept the company's offer, in spite of the advice of their leaders to strike for more. In the wake of this decision, a group of workers and shop stewards at Halewood decided to develop a regular broadsheet called Halewood Worker. An earlier Christmas Special had proved a great success, and it continued in a witty, iconoclastic way to assist in the task of breaking down the isolation and "lack of communication" between workers in the plants. In 1981 it asked the question "the pay deal: why did we accept it ?"

On Thursday 5.2.81 we felt the results of our decision to accept the wage and conditions agreement for 1981. The wage packet didn't actually bulge, in fact most people were absolutely shocked at the pathetic 'increase' in the rate. It is useless for individuals to claim "I didn't vote for it" or "I didn't attend the meeting".

The fact is, locally and nationally we did accept - why ?

In trying to work out an answer they approached thirty six workers, each on separate sections. "Why ?" The answers were interesting. Aside from the occasional maverick response ("because we're a gang of bloody nutters") what emerges is the overwhelming reference to 'fear'.

People talk of a "sense of insecurity", of "despair" and "a lack of belief in our own strength", of "stories about cutback", "Maggie's policies", and arching over everything else the "fear of Ford pulling a Michael Edwardes' fascist trip on us."

Fear works then; but in what ways. A senior shop steward in the plant saw it like this

Industrial relations haven't improved as such, it's fear that has done it really. There's more sackings. Now they discipline people to the gate. ... It's not a new understanding or anything. It's just brute facts like unemployment and money. A lot of blokes have pulled their horns in a lot. When you know that Ford have got five thousand applications waiting for your job, it's a bit different isn't it ?

But to those "brute facts" Ford have added the pressure for more production. The plant, tooled up for the new Escort, was designed by Ford to produce in excess of a thousand cars a day. So too the twin plant in Saarlouis. In the months after its launch in September 1980, the average daily output was nearer 700. In the face of this (and with the knowledge of the production figures for the Escort in Japan) Ford introduced a draconian discipline code into the factories and over the head of the unions. The company's industrial relations director described the move as "an act of desperation". The union negotiator Ron Todd, at the time, remarked that: "Paul Roots said to me 'we don't need the unions'. But I've said to them 'the pendulum will swing back. It's bound to swing back and they'll have to deal with the unions then.'"

The discipline code as it was practised at Ford, allowed a worker who had refused an order ("do that ...") ten minutes grace to reconsider. If the answer was still "no" the finger pointed to the door - ten days suspension. Then someone else would be told: "do that". A further refusal after the lapse of ten minutes would see the whole plant laid off for two days. In this way "industrial relations" continued in the plant for six months or more, until in May 1981, the workers in the Body and Assembly plants went out on indefinite strike. As the body plant convenor put it: "this strike is indefinite until the company treats our people in a civilised manner ... People are being laid off even though they are not involved in the dispute. We have got to the stage when we are not going to accept this any longer." Ford accepted that. The code was withdrawn and the company opted for another approach; involving the unions once again and "learning from the Japanese."

What is worth noting about this dispute is that up until November 1980, Ford had followed a strategy of dealing through the unions. There is general agreement that the "crisis" of that month was provoked by the fact that the shop stewards no longer had control over their members. Around the plants at the time there was a deep sense that the company were pruning too hard in the plant; new processes were being introduced too fast; there were too many problems (with the robots and the like) and too little time for discussion. The depth of feeling here (and how it resonates with "fear" and "realism") came through in the Cowley plant of BL at the end of 1982. There, after an agreement on a low wage increase, the plant was struck over a "trivial" incident of a foreman swearing. As a union official explained "this is not a dispute over swearing, it is a dispute over management treating workers like cattle." (Financial Times, November 6th, 1982). But there was more as well. Steve Broadhead,

convenor of the body plant at Halewood described the feelings of the workers he represents like this:

They see Ford making £386 million profit last year, but companies are leaving Merseyside and little is going into public services.

The men feel they are being exploited. (Financial Times, November 12th, 1980).

A similar feeling of "exploitation" and injustice moved workers in the National Health Service to become involved in a protracted series of disputes throughout 1982. This strike, (while disastrous as one level, revealing the phenomenal weakness of organised trade unionism in Britain) was important in the depth of feeling it revealed both within the health service and beyond. Talking of this, one miner in South Wales explained how:

As I see it, its a question of supporting our own kind. In an area like South Wales with the mining and steel industries we need a health service. It's our people who use the health service. It's not them; if the health service finishes they'll pay for their health. So I say that we should be on the picket lines. Let the nurses do their job of looking after our kind in the hospitals, and let us do the job on the pickets.

In November, the Day of Action received support from every lodge in the South Wales coalfield.

Unemployment has more than one meaning; "fear" is not an infallible guide to action. And to recognise this is to have a better guide to the development of the crisis in Britain. On the employers side it has provoked a series of warnings to the Tory government to the effect that things are not what they appear. Consistently, the Financial Times has pointed to problems at the point of production:

In some British industries - like coal and steel - with the worst records, more dramatic improvement have recently been registered. This was to be expected at the bottom of the recession: imminent redundancy concentrates the mind. Can such improvements be maintained when the economy picks up ? Mr. Tebbit will have to persuade the shop floor that they must indeed continue ... If Mr. Tebbit can generate a greater sense of common purpose with a shared goal, the British may perhaps work not only harder but more effectively. (17th July, 1981).

While the decline in the number of strikes, and the frequency of strike action was seen by the Tory cabinet to be evidence of such "common purpose" employers like John Black, chairman of Birmingham Chamber of Commerce, warned that they were simply a reflection of the "unacceptably high level of unemployment". He added:

Let no-one be under any illusions that this will remain once the economy accelerates. The unions, as before, will see their main objective as seeking a larger proportional share of profits. He added

Despite assurances from the government that crime and the city riots of last year are not related to unemployment, I believe the opposite view obtained. (Financial Times, 31st March, 198). Earlier, Pat Lowry, as Chairman of ACAS had voiced his own carefully worded warning. The decline in the strike rate he saw as a phenomenon which "called neither for surprise or congratulation". Of more concern, he thought, was the "shift in the balance of power" in industry" and the "frequency in some quarters of management to fail to regard agreements of which they are a part ". Commenting on Lowry's presentation, the labour correspondent of the Financial Times noted:

Beneath the measured prose of the report ... is concern that the observable behaviour changes in industrial relations are a calm before either a storm of fury, or a return to the bad old days. The service is issuing a diplomatic warning to managers not to kick the trade unions when they are down because they have long memories and, though down, they are far from out. (May 8th 1981).

There was some real sense in this. And it is firmly endorsed by conversations with lay union officials. Lodge officers in the NUM, for example, were bitter over the way the NCB became involved in the 1982 membership ballot. One man (who had also been involved in an acrimonious exchange over the Day of Action) noted that

I'll never forget this year. I'll never forget 1982. And if ever I get the Board down on the bottom I'll show no mercy.

I've told them; they can expect no more help from me in the future. Another TGWU official observed in 1980 how: "I've got a long memory and I bear grudges." On Thatcher's election, this same man had remarked that: "She won't succeed. It's going to be bloody terrible but she won't succeed - because she doesn't understand us." Here he was speaking of the working class, and here is the basis of a major political impasse.

Tebbit's political convictions build upon his belief that he is in touch with "the ordinary man in the street". And so, in early 1982, he spoke in the House of Commons of

a growing mood of realism among the workforce, even if it was not too widely evident amongst the higher echelons of some trade unions. In 1981 the number of days lost through strikes was less than a third of the average over the past ten years.

These advances have shown through in increased productivity, competitiveness and export shares and provided an increasingly firm foundation for future expansion. (Hansard 27.1.82)

A year later, in an interview with John Toroade he said this:

I suspect if I have achieved any popularity, ... it is because ordinary people hear me saying the things they say, and they feel that I understand what they have been talking about for a number of years ... I think ... they have the feeling that I do understand what they feel. (Guardian, 9th February, 1983).

"People standing at the pub bar", he says "have talked of the reasons for our problems for years." And increasingly, in Tebbit's mind, these problems have become identified with the trade unions. And in this two premises have combined. On the one hand it has become clear that productivity gains made in the slump are at best temporary, at most a mirage. On the other the stress upon individualism, so strikingly prevalent in this cabinet, has centred upon the unions and their closed shop agreements as a threat to the rights of "ordinary people".⁸ It is these two forces (economic necessity and moral outrage) that are brought together in Tebbit's new proposals. They combine with a dramatic hardening of political attitudes within both the employers and the Tory party.

In 1982, for example, Walter Goldsmith told the annual conference of the Institute of Directors that:

Let me make it clear: I am not attacking British workers, be they trade union members or not. I repeat that I am attacking, without apology, the trade union leadership which disgracefully misrepresents its members.

Leon Brittan, Chief Secretary of the Treasury, told a meeting in North Dorset that: "misuse of excessive industrial power by the unions is the main avoidable cause of high and rising unemployment." He continued:

The cost of excessive pay rises is ultimately borne not just by the taxpayer or the consumer but above all by those who are placed out of work. That single truth is one which militant union leaders refused to accept - though most of their members understood it well enough

For

It is no accident that the growth of unionisation and above all of the closed shop has, over the years, been associated with successively higher levels of unemployment. (Financial Times, 7th October, 1981).

The approach to the "progressive" Institute of Personnel Management was less dramatic. David Waddington, Under Secretary at the Department of Employment stressed that:

We would all do well to spend a little time taking a close look at what the Bill actually does. It must be seen as part of a continuing process of reform, loosening the grip of the closed shop, pushing back the frontiers of limiting and curtailing some of the most unacceptable forms of industrial action. (17th April, 1982)

By that time, though, the industrialists were beginning to get on board.

In that same month the magazine Chief Executive revealed solid support for Tebbit's employment legislation in a survey of more than 200 Chief Executives. Although uncertain on the desirability of disciplining union officials, the support for measures to undo the closed shop had grown sharply. (In 1977 52% of the magazine's sample thought it "unrealistic" to try; only 8% of the 1982 sample felt the same.)

By October, The Times' survey of "top business leaders" was revealing a further toughening of resolve. When asked the question: "Do you feel the time is right to put this bill before parliament?" 72% of industrialists and 84% of "city men" replied that they wanted the legislation enacted "now". This shift is both further evidence of the depth of the British crisis, and an added dimension of it.

Economic Relations as Class Relations

The events of the past two years have preoccupied this paper; and they are important events. But it is all the more important to locate them within a broader framework. Increasingly, amongst Marxist and orthodox commentators on the British crisis the historical dimension of the British experience is being stressed. In this the recent writings of Weiner and Rodwick and Stephens⁹ are important in their sensitivity to the cultural production of a British ruling class in the nineteenth century, and the lack of emphasis given within the British educational system to practical and industrial matters. Perhaps these accounts neglect too much, however, the actual practices within industrial firms, and the effects of those practices upon class culture. It was in 1982, for example, that a mill owner in Lancashire could with some pride describe his relationship to the workers he employed as "feudal". It is precisely these arrangements that "progressive" forces attached to large corporate capital attempted to reform in the 1970's. Throughout this period, for example, the Institute of Personnel Management has been critical of management practices in contrast with other European countries. The most recent document on the subject (deeply corporatist in tone) points out that British firms disclose negligible amounts of information to their work people. It quotes Arnold Gibson, personal relations

manager at IBM (UK) to the effect that "too few managements in the UK appear to have learned about the advantages of developing a common purpose amongst employees and fostering their involvement and commitment to its success ". Encouraging a "historical perspective", the report suggests that:

each generation of managers seems to need to learn anew the importance of communication before some emphasis can be put on co-operation rather than confrontation.

Since the early 1960's forces within the government and state have attempted to "modernise" relationships within British industry, encouraging both technical development and the virtues of union/management co-operation.¹⁰ The National Economic and Development Council is one such example. Set up in 1961 it can be seen as a crucial part of a state-initiated capitalist response to the problems of the British economy. As such its experience is salutary. Under its umbrella joint working groups for each industrial sector have produced thousands of reports, papers and recommendations. However, in 1982 it was noted that "many companies seem never to have heard of ... Neddy ... Those who are aware of (it) are often loath to adopt its ideas." In an attempt by the NEDC to communicate its ideas into industry, individual "Ambassadors" were set up for companies. Their role was seen as addressing joint management - employee groups ranging from shop floor workers to managing directors. But

most top managers, not surprisingly, refuse to set up such a gathering. They either fear that management inadequacies - say in developing export markets or installing new technology - will be exposed in front of employees; or they are worried that such a meeting might set a precedent for future management-employee participation. In short, as one NEDdy expert puts it: "Our attempt to persuade managements to change has become muddled up with issues of employee consultation and trade union power."

Clearly, and in spite of persistent lobbying and pressure by the executives from key corporations like ICI and, lately, Ford this "corporatist" solution had little real impact upon social relationships in the breadth of British industry.

This point is reiterated forcibly in a survey of new technological take-up in the UK, Sweden and W. Germany carried out in 1980, by Systex Consultants. In the area of robotics, machine tools and automated distribution systems the survey's findings were strikingly consistent and revealed a growing tendency for British firms to lag behind their continental competitors. In assessing this Systex argued that a new kind of manager was needed in British industry, one "able to grasp the benefits of new technology and communicate ideas on the shop floor". Their managing director put it like this:

The reasons for the low level of automation in the UK are not precise, but I would suggest that at present many British managers find it particularly difficult to appreciate the benefits of the simplest equipment let alone how to produce it, and thereby get themselves on the learning curve. In addition, I think that many board managers on many of our manufacturing companies are ill-equipped technically and ill-informed on technology generally because their interest in business is predominantly a financial one.

This historic legacy has become a crippling one in the context of the present crisis and the onset of a new "technological revolution". Speaking at the British Association in 1981, Dr. S.S. Blume of the L.S.E. pointed to the calibre and training of British managers, and the hierarchical structure of British management systems as "major small barriers to effective technological innovation" in Britain. This barrier

is evidenced in four key areas. In microprocessor production itself only direct state intervention through the establishment of Inmos led to any British involvement in this new industry. This company has now established most of its production in the U.S.A. where SEMI (Semiconductor Equipment and Materials Institute) is spending \$11 million in two years. In the field of robotics no state intervention took place and in 1981, Creative Strategies International, a U.S. consultancy firm, prepared a report on the European market for industrial robots. (Western European Robotics). Of the U.K. it said this:

In the 1960s the U.K. did have an equal opportunity with the rest of Europe to develop a core robot industry. She did not do this, with the result that more than 80 per cent of the UK robot population is imported ...

Industry in the UK has been slow to show much interest in robots or in the uses of advanced manufacturing techniques. At board level in most major UK companies there is very little engineering experience and attitudes about manufacturing investment are extremely conservative.

Similar criticisms apply to the area of telecommunications, new office systems and production systems for the "service sector". In a report on the British industry PA computers and Telecommunications pointed to the absence of both strong transnational companies and medium-sized entrepreneurial companies, and a tendency for the industry to centre around

closseted government contracts. In a quite scathing indictment of British manufacturers (it contrasts them with companies in the U.S.A. and France and West Germany) it argued that only Racal Electronics had the "resources, geographical spread and aggressiveness to compete effectively". It summed up its view in the conclusion that

if current trends continue, we predict that the United Kingdom will suffer from a trade deficit in information technology of £1,000 million annually or more by 1990, as against £300 million in 1980. (A Strategy for Information Technology, PACTEL, London 1981).

So, too, in biotechnology. Biogen, one of the three major biotechnololgy companies in the world decided in 1982 not to establish itself in the UK, and shifted its eyes toward West Germany and Japan. Professor Walter Gilbert, head of the company's scientific board said this:

We have great respect for British scientists. We need to work very closely with universities. We are worried not so much about the research funds, but by the fact that the universities may not be there. The cuts are so big.

This view was endorsed by Professor Ken Murray of the University of Edinburgh and a member of the scientific board of Biogen: "there is no way in the world that I would recommend Biogen to come to Britain at the moment."

(Sunday Times, 21st February 1982).

The position here is a consistent one, and points to fundamental changes which are taking place both within the British economy and in its relationship to the international capitalist order. The scale of these changes seem likely to leave the UK with no indigenous capital goods sector industry and a dramatically reduced consumer goods sector. Furthermore, the structure of the UK economy when looked at in terms of the composition of capital, wage rates and hours worked, appears oddly at variance with other advanced Northern states. Increasingly (note the dependence upon transnational corporations, free trade zones etc.) its form bears comparison with the industrial structure of third world states. It is "the city" which preserves the UK's imperial status; the city and the past.¹¹

Here is the context of Thatcher's politics. It is a context which has been understood for some time by sophisticated bourgeois commentators. It is intriguing that while Marxists have been stressing the hegemony of the British ruling class, newspapers like the Financial Times have shown thinly veiled contempt for the British class system and the approach of British bosses. In 1974, for example, Joe Rogally wrote of the "British disease" being one of

class conflict. Our problems will not be solved until we are governed by men who understand this. The absence of such an understanding is one of the reasons why this government is finding it so difficult to unite working class opinion behind its policy of defencing Stage III. (January 8th, 1974).

He pointed out that in Britain, the historically received class structure had created a situation where "there is no major credit balance of social good will upon which to draw in time of crisis." And this "problem" affected Labour and Tory administrations alike. Ten years

ago, the answer, and the road to British industrial recovery was seen to lie in a wide-ranging and thorough-going programme of social reform. A programme which would tackle "housing policy, education, public appointments, and a good deal else. It would mean above all a redistribution of wealth." Irritated with the Wilson administrations of the 1960's he could only look to the emergence of a Social Democratic Party or "a genuine 'one nation' mood in the Tory party." Today (as that newspaper campaigns for electoral reform and a national government of the centre) he writes of the "amazing persistence" of the British ruling class and of its corrosive influence.

My upper class friends often deny that there are any classes, or class barriers, in Britain; my outsider's ego is constantly spotting both the barriers and the damage to everyday working relationships caused by them. It may be time that nearly 40 years after the war Britain is beginning to loosen up the class log jam that has probably been more responsible for debilitating its economic progress than any other factor. But from here it looks as if there is still a great deal more loosening up to be done.

(5th May, 1982).

The importance of this view is that it understands production in the context of society, seeing the British crisis in a wider sense. This too has been a factor of Thatcherism, but in an audaciously perverse form. Under her administration it is the worst off who have suffered most. The unemployed have been cruelly treated (thirty years ago just 7% of unemployed people had been out of work for over a year, today the figure stands at 34%) while the rich have received generous tax benefits; at a time when six million families are in arrears with council rents, mortgage repayments plummet; increasingly higher education becomes the

preserve of children from the upper and middle classes. If anything the social log jam has tightened; what this government offers is a change in its political perspective. Through the self assured, declassé views of Tebbit ("I've never noticed any class barriers. Maybe I was too naive") and the combined international experience of people like Edwardes and McGreggor (the "vertical invaders" in the corporate elite) a new political block has been created. What stands as its main achievement is its overt politicisation of production.

The failure of the corporatist state form to radically affect class relations in this country, and the collapse of the Labourist solution which accompanied this, provided the space for Mrs. Thatcher's populist celebration of British society. At the moment of its lowest ebb, this daringly inappropriate strategy aims at reaffirming individualism and establishing "liberal conservatism" as a political philosophy amongst all strata of society. This framework provided a logic (directed normally through the metaphor of the household and the family) of explanation for the country's ills and the failure of particular companies. The extent to which this logic has "won the argument" shouldn't be overlooked (many people who accepted "redundancy" accepted the logic of profit and loss). Neither should it be taken for granted (in many cases people have similarly accepted defeat as the only realistic response). What is most important is that this Tory assault (a genuine political assault) is a new experience for British workers. It cuts against the grain of what has been "the British way", since 1945 certainly and arguably for much of this century. It comes at a time when the framework of protection which steered them through the sixties and early seventies, with some advantage, has broken down. As manufacturing industry (and with it the established base of Labourist practices) is torn apart, so too is

the enclave class culture of the factory floor, and people ask: "How the hell do you fight a closure ?" "How do you fight this government ?" Often these are allied with assessments which look to the future and a return to "normal". In intriguingly different ways, the election of the next government (Tory, Labour, Alliance) will establish that this "normality" is a thing of the past. Then the political struggle will begin in earnest.

Footnotes

1. In the text, all quotations not followed by a citation derive from interviews, discussions and observations in which I have been involved. I should like to thank the Social Science Research Council for the personal research grant which allowed me the time to think through some of the issues raised in this article.
2. For a general discussion of these changes see Doreen Massey and Richard Meegan, The Anatomy of Job Loss: The How, Why and Where of Employment Decline, Methuen, 1982. On the West Midlands see Nick Hedges and Huw Beynon, Born to Work: Images of Factory Life, Pluto Press, 1983. On Coventry see Fighting Fit? How Job Loss is Affecting Coventry, Coventry Workshop Fact sheet, 40 Binley Road, Coventry CV3 1JA.
3. See British Leyland: The Next Decade, Hc 342, HMSO, 1975; Central Policy Review Staff, The Future of the British Car Industry, HMSO 1975.
4. Quoted in Terry Austrin and Huw Beynon, Global Outpost: The Working Class Experience of Big Business in the N.E. of England, Mimeo, 1980.
5. See John Purcell, "Macho Managers and the New Industrial Relations", Employee Relations, Vol. 4. No. 1., 1982. He describes it as "the almost divine right of managers to manage, to broach no argument and get on with the job of directing, controlling and enforcing order over a demoralised work force."
6. The Financial Times series "Learning from the Japanese" was so in demand that it was issued as a booklet. At Ford, the company introduced a new calendar: termed "AJ" it made 1979 AJ1, 1980 AJ2. In this context a spate of productivity deals were pushed through by companies in 1981 and 1982. These are chronicled by Income Data Services, and also by Industrial Relations Services who, in a survey of 100 agreements with productivity clauses in 1982 indicated that the schemes were not based upon the assumption of output increases rather focusing upon employment levels and working practices. In spite of these findings the editorial of the Financial Times in 1983 read

Yesterday Mr. Bill Hayden vice president of manufacturing in Ford of Europe ... made it clear that the long term future of the (Halewood) plant depended upon a radical improvement in competitiveness ... The warning is hardly new, but the fact that it is needed from one of the most efficient of British manufacturers, casts some doubts on the "productivity breakthrough" which is sometimes said to have taken place in the UK over the past two years.
(Financial Times, 10th February 1983).
7. A more detailed account of these events, as well as a consideration of the international position of the Ford Motor Company is contained in the forthcoming edition of Working for Ford, Penguin Books.

8. This politics has been termed "liberal conservatism" by Geoffrey Howe and "authoritarian populism" by Stuart Hall.
9. See Martin J. Weiner English Culture and the Decline of the Industrial Spirit, C.U.P. 1982; G. Roderick and M. Stephens (eds), Where Did we go Wrong ? Industry, Education and Economy of Victorian Britain; Falmer Press, 1982; G. Roderick and M. Stephens (eds) The British Malaise: Industrial Performance, Education and Training in Britain Today, Falmer Press, 1982.
10. It is perhaps ironic that the British Civil Service, replete as it is with "rounded amateurs", has produced, through the Department of Industry its own severe criticisms of the ability, training and education of industrial managers. See, for example, Industry Education and Management, D of I, 1977.
11. In 1982, for example, estimates were that 500 industrial robots were operating in the UK; in West Germany there were 2,500 and in Japan at least 10,000. European wage comparisons in 1980 revealed UK average wages of \$7.07 per hour, West Germany \$11.94 per hour and Belgium \$13.18. In these three countries workers worked an average of 1969, 1715 and 1527 hours in a year. In the U.K. 75.8% of men between the ages of 60 and 64 were "economically active", compared with 39.5% in W. Germany and 33% in Belgium.