

**Section One:  
CONSUMPTION**

**2.  
The food  
industry**

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

*McVitie's Biscuit  
Factory, Harlesden.  
The overseer at a  
computer terminal  
supervises a line  
producing and packing  
thousands of biscuits an  
hour.*

Photo: Maggie Murray/Format.

---

# The food industry

---

## Summary

1. About 400,000 Londoners are employed in the production and distribution of food, about 64,000 of them in manufacturing. Manufacturing employment has been declining rapidly. Food manufacturing companies have begun to bypass the growing power of retailers by investing in the one expanding sector, catering. Catering companies are themselves seeking new markets in the public sector. In addition, the food manufacturers are attempting to cut costs by reducing competition, extending automation and concentrating on a narrow range of products. The big multinational food companies have invested heavily in energy-intensive agriculture, which is threatened by reliance on declining oil reserves.
2. Food manufacturers are also trying to cut wage costs. Mechanisation is causing dramatic job losses. More than a third of workers in food processing are women and the proportion of women is growing; in distribution and retailing women, especially women from ethnic minorities, predominate. Many of the women work part-time, which makes unionisation difficult and enables employers to evade employment legislation. Many workers in catering are trapped in illegal employment and can effectively be deported at their employers' will. Turnover is high.
3. This system of production results in bad food. Britain has the highest incidence of diet-related disease anywhere in the world. Profits are made through processing and packaging; in general, the more highly processed food is, the less nutritious it becomes. Food is re-emerging as an issue of popular concern, both in relation to its quality and, increasingly, in relation to quantity, especially for the unemployed. The poor often have to pay more for their food than the rich.
4. The GLC's interventions in the London food industry are intended to improve the nutritional value of our diet, the availability of decent food for all, and the protection of employment and improvement of wages, conditions and unionisation in the food industry. The GLC has financed the London Food Commission to help promote these improvements. GLEB is examining the possibilities of investing in medium-size firms and co-operatives, outside the control of multinationals, to cater for the new demands for more nutritious food, especially wholefoods and ethnic foods, and to help the firms to work

together, for example through a Food Park. GLEB has already funded Metropolitan Foods and Binisa Oriental Foods. The GLC will support workers in the big companies and help to develop alternative plans for food 'conversion'. The GLC is also interested in interventions in retailing and catering. It is working in particular for improvements in public sector catering, including schools, and to promote unionisation and better conditions in catering firms.

2.01 About 400,000 Londoners are employed in the production and distribution of food and drink. In 1981, 72,000 worked in food manufacturing and processing; 38,000 in wholesale distribution; 74,000 in food retailing; 69,000 in restaurants, cafes and pubs; and 18,000 in catering contractors. In addition a substantial proportion of the 300,000 workers employed in schools, hospitals and hotels in catering, cleaning and personal services work wholly or mainly with food. Beyond this are the innumerable ranks of unpaid (mainly female) workers that prepare and serve food at home.

2.02 Over the course of the last century London's food economy has passed through two major phases and is now being transformed by a third. In the late 19th century, London was a giant entrepot in the world food system, the importing, processing and distributing hub of the Empire. In the inter-war years London led the way in the application of mass-production methods to popular standardised foods in giant factories in much the same way, and at the same time, as Henry Ford was applying these methods to motor cars. Today the big companies that prospered on this basis are closing their factories and abandoning London. Food manufacturing is being run down, but simultaneously investment is shifting into London's retailing, distribution and catering sectors to continue to take advantage of London's huge consumer market. The implications of each of these phases for London's economy and the labour, health and quality of life of its people have been enormous.

2.03 This chapter begins by looking at the forces behind these transformations and the costs and benefits that flow from them. In this context, it goes on to outline how strategic interventions can have an impact on current changes to the benefit of Londoners as both workers and consumers.

## **The rise and decline of London's food industry**

2.04 The British food industry grew up in the era of Free Trade and Empire. London was the most affluent urban mass market in the world and the centre of the world's commodity markets. London imported raw materials from the colonies and a food industry sprang up around its docks and waterfronts in particular. London's position at the hub of the national transport system and as a consumer centre gave it enormous advantages as a centre of food production. At first food manufacturing was concentrated in Bermondsey, but it soon expanded along the Thames waterside, downstream to the canning factories of Millwall, upstream to the flour mills of Battersea and the biscuit factories of Fulham. London, along with the similarly placed Liverpool, became one of the two main centres of food processing in the country.

2.05 The inter-war years brought a major transformation. The production of standardised packaged goods to serve a national mass market led to a wave of investment in big new factories, particularly in outer west London. One landmark was the establishment by Heinz of its giant Park Royal factory on a 20 acre site in 1925 embodying the most modern techniques of assembly line

production. Large food factories proliferated in Park Royal, Ealing and Southall, notably in biscuits, ice-cream and bread.

2.06 These areas had cheap sites and could obtain their raw materials easily from London's docks. The Quaker Oats factory in Brentford, for example, used the Grand Union Canal to bring its grain directly from dock to factory until the 1960s. Similarly, Lyons used the Grand Junction Canal to bring tea in barges direct to its Greenford factory. Low transport costs and economies of scale made London an attractive location. However, even as mass production flourished, the tide was beginning to turn against London. Already in the inter-war years, firms were beginning to decentralise production to cover growing regional markets and, though the industry grew rapidly in London, it grew even faster in the UK as a whole.

2.07 The shape of the industry began to change very rapidly in the 1960s. Motorways and larger lorries made distribution easier and cheaper and dramatically undercut London's locational advantages. New technology and the increased use of additives and new packaging methods made longer shelf lives possible. Economies of scale became more important than proximity to markets. Firms began to develop containerisation as a way of opening up new points of entry for ports like Tilbury and Folkestone, where they could evade the use of well-unionised London dock labour. The big producers wanted large new factories for standardised nationally marketed foods and these required space, cheap land and cheap labour that they could not find in London. The period from the 1960s saw a stream of migration of food firms out of London. The sugar confectionery industry is just one example. It used to be highly concentrated in London with Clarnico in Hackney; Barretts in Wood Green and Callard & Bowser in Hayes. None of these firms still manufactures in London. They, and many others like them, have closed to relocate in greenfield sites away from London. This process was speeded along by a simultaneous wave of acquisitions, mergers and rationalisation among the big companies. Each merger raised the concentration of production and often resulted in the closure of London factories.

2.08 These trends have been further exacerbated by the effects of EEC membership and the Common Agricultural Policy. The CAP strongly favours growing food *within* the EEC and has therefore had serious effects on the traditional British policy of relying on its trade connections with the former colonies for imported foodstuffs. The sugar cane processing industry has been denied its traditional sources of supply, and ports like London and Liverpool have seen their refining and processing plants close down en masse. Sugar beet is now grown and processed in East Anglia.

2.09 Two main results have followed. First, more food is imported from the EEC and less from elsewhere. Secondly, a higher proportion of British food is grown in Britain. This is more expensive than imported food which makes it advantageous to move food processing into the countryside, nearer to where the food is grown and away from London. Once again factory closures in London have resulted.

Table 1: Employment in food manufacture in London

<i>Food Group</i>	<i>Employment in London (1981) (%)</i>	<i>Percentage change in Employment in London 1975-81</i>	<i>Percentage change in Employment nationally 1975-81</i>	<i>Concentration of Industry (1977)(a)</i>	<i>Approx no. of firms in London employing 100+ (1978)</i>
Brewing	12,100 (17)	-8	-7	57	8
Bread & Flour Confectionery	10,000 (14)	-22	-17	74	8
Bacon, Meat & Fish Products	6,200 (9)	-30	-8	35	13
Milk, Milk Products and Butter	5,700 (8)	-39	-21	53	12
Cocoa, Chocolate and Confectionery	5,500 (8)	-5	-10	68	11
Biscuits	4,400 (6)	-45	-5	84	3
Soft Drinks	4,200 (6)	-22	-15	56	7
Grain Milling, Breakfast Cereals	3,900 (5)	-9	-18	74	5
Fruit Products, Preserves, Veg. Products, Crisps	3,500 (5)	-45	-10	45	6
Sugar	3,400 (5)	n.a.	-25	100	1
Vegetable Oils, (not Marg.) Animal Fats	800 (1)	n.a.	0	77	2
Other food	8,500 (12)	+25	+18	n.a.	11
Other drink	3,200 (4)	-3	-9	n.a.	5
<b>Total Processed Food and Drink</b>	<b>72,100</b>	<b>-19</b>	<b>-10</b>		<b>93</b>

(a) Proportion of production in the hands of the largest five firms.

Source: Department of Employment Census of Employment, 1981

2.10 This change has accelerated rapidly since 1970. Between 1971 and 1981 the labour force employed in London's food and drink industries fell from 112,000 to 72,000, a fall of 37%, more than twice as fast as the fall for Britain as a whole, which was 17%. As Table 1 shows, this was even worse in certain sectors. In meat and fish products London employment fell by 30% against a national figure of 8%, in fruit and vegetables by 45% compared to 5%. These trends are continuing. By 1981 employment in London's food industry had fallen still further to 64,000.

2.11 The food manufacturing industry that remains in London is only a shadow of its former self. Many of the giant producers have gone and, of the nine remaining plants with over 1,000 workers six are currently facing closure or substantial redundancies in 1984. The nine remaining giants are listed in Table 2.

2.12 The only areas where London has not suffered so badly are those linked to its more specialised markets, particularly ethnic products and high quality goods made by local producers. This sector ('Other Food' in Table 1) is now London's third largest sector of employment.

Table 2: Large food processing firms in London

<i>Employed</i>	<i>Company name and location</i>	<i>Product range</i>	<i>Ultimate parent co.</i>
1950	H.J. Heinz, Park Royal	Food processing	H.J. Heinz (USA)
1660	T. Wall & Sons, Southall	Meat products	Unilever (UK/ Netherlands)
1645	Peak Freans, Bermondsey	Biscuits & cakes	Nabisco (USA)
1608	Tate & Lyle, Newham	Sugar refining	Tate & Lyle
1500	Express Dairy, Ruislip	Dairy products	Grand Metropolitan
1412	J. Lyons & Tetley, Greenford	Food products	Allied Lyons
1312	United Biscuits, Park Royal	Biscuits & cakes	United Biscuits
1150	The Nestle Company, Hayes	Chocolate and Coffee products	Nestle (Switzerland)
1050	Quaker Oats, Southall	Breakfast cereals, pasta and pet foods	The Quaker Oat Co. (USA)

Source: GLC Survey, 1984



## Contemporary trends in London's food industry

2.13 The rundown and relocation of London's food manufacturing industry is only one aspect of a wider shift in the strategies of the major food companies. Since the 1960s the balance of power in the food sector has shifted steadily away from manufacturing and towards retailing and distribution. At the same time, the catering sector has come to be seen as a hitherto neglected avenue towards increasing profitability. The growth of these sectors parallels the decline in manufacturing.

2.14 London food production began to be dominated by big firms in the inter-war years. This process continued after the war and concentration further increased dramatically in the years 1958-72, when the total number of food firms in Britain fell by 40%. A major role in these changes was played by the growing concentration among retailers and the development of large supermarket chains. The restructuring of retailing was stimulated by the abolition of retail price maintenance in 1964 and gathered pace in the 1970s. In 1982 five supermarket groups accounted for 50% of the national packaged grocery trade and the three largest (Asda, Tesco and Sainsbury) control over a third of all retail turnover. In London the situation is even more extreme with the two largest accounting for 55% and the five largest for 68% of trade.

2.15 As a result the balance of power between manufacturers and retailers has shifted. The food manufacturers are now heavily dependent on the buying policies of these groups. In the 1970s they sought to bolster themselves through the control of key brand names: many of the takeovers of this period were in pursuit of well-established branded products and many household names switched ownership more than once in this period.

2.16 But the retailers retaliated by developing own-brand products. These, produced by small firms in direct imitation of famous branded products, are sold under a supermarket's own label at prices which are often substantially cheaper than the branded equivalents. With considerable overcapacity in the industry throughout the 1970s, there was little the food processors could do to prevent this. Own-brand products now account for nearly a quarter of all food sales, a proportion which has been rising rapidly in the last few years. In the face of this, existing manufacturers are faced with a dilemma: whether to remain with the higher profit margins but dwindling sales of their branded products or to undercut their own sales by producing own-brand goods themselves. Some, like Heinz and Kellogg's, have refused to produce own-brand goods. Others, like United Biscuits, have done well by straddling the divide and continue to produce their famous brands in their Harlesden plant while at the same time producing own-brand biscuits at plants outside London. Other large companies, like Avana and Northern Foods, neither of which produces in London, have specialised in the production of own-brand goods and have succeeded in making nearly identical products to some of the famous brand names at much cheaper prices. Producers do not necessarily make lower profits from the production of own brand goods because they save on the heavy advertising costs of promoting branded products, have relatively

secure sales and lowered distribution cost to offset against lower mark-ups on each item.

2.17 Supermarkets can exert great power by threatening to switch to alternative suppliers. Removal from the list of suppliers can deny a manufacturer access to an enormous chunk of the market. Loss of contracts can precipitate a financial crisis or closure. On the other hand, only big firms can achieve the sort of consistent high volume production and delivery to a large number of outlets which the supermarkets require. Smaller firms can only break into supermarket outlets by finding a distinctive market niche. Recently, however, chains like Waitrose and Sainsbury have become aware of the potential of consumer demand for innovative, new, high margin products and are beginning to draw smaller, more varied suppliers into their distribution networks. At the same time specialist food brokers and distributors are also springing up to cover the need of bridging between the supermarkets and smaller manufacturers.

2.18 Supermarkets are also using their power to force down prices from the manufacturers. The manufacturers have complained bitterly that the reduced profit margins are making it hard for them to sustain investment, research and development. Their costs rose dramatically in the 1970s, particularly because of rising oil and raw material prices. Costs of production and distribution nearly quadrupled between 1970 and 1980, but the price of food in the shops rose more slowly than retail prices in general. Wages also rose, although this had a less significant impact since food processing is very capital intensive. Profit margins have therefore stayed low. In 1981-82 profit margins were only 3.7% in food processing against the national average return on capital of 11.9%, and this has been the pattern for several years.

2.19 The second major trend is the growing involvement of big food companies in catering. Food consumption rises only slowly with increased population and the market for many basic foodstuffs like bread and potatoes has remained more or less static. At the same time margins on processed foods are being squeezed by the retailers. In line with this, the proportion of household expenditure that goes on food has declined from 33% in 1950 to 23% now. However, the proportion of household expenditure that goes on buying food to eat outside the home has steadily increased over this period, from 9.9% in 1977 to 10.7% in 1981. This trend is more marked in London and the south east than in the rest of the country. The fastest growth has been in pub food, followed by take-aways, with restaurants trailing a poor third. Real growth in the catering market averaged 20% between 1977 and 1981 and growth now continues at a slower rate despite the slump. It remains at about 3% per year in real terms. Some areas of potential growth are still in their infancy, such as automated sales of sandwiches and hot meals. The industry confidently expects further real growth.

2.20 As yet, however, the big food and catering companies have made relatively limited inroads into the core areas of mass catering. The most spectacular is the highly publicised onslaught by the multinational fast-food operations (McDonald's, Kentucky, Wimpy, etc) on the high street. Even so,

however, unlike the food processing and retailing industries, the giant companies have not driven the smaller firms out of business. Family fish-and-chip shops still account for 43% of take-away outlets in the UK, while fried chicken accounts for only 2%, hamburgers for 6% and pizza for 6%. Big firms have grown with the market rather than at the expense of the small firms. Nevertheless, for firms like United Biscuits with their manufacturing margins restricted by the retailers, their direct outlets through their Wimpy and Pizzaland subsidiaries offer one way of leapfrogging over the retailers to higher profit margin sectors.

2.21 The key factor in the catering sector, however, is that the largest slice of the market — institutional catering — remains largely untouched by big capital. This sector was worth £3,755 million in 1981, including expenditure of £1,930 million by works canteens, £550 million on school meals and £960 million by hospitals and prisons. Yet only 12.5% of these sales were catered for by private companies. The rest was done in-house, by companies, local authorities, educational authorities, etc.

2.22 The public sector was mainly responsible for creating this market: before the major interventions of the Second World War most people believed that it was beyond their means to eat cooked meals away from home. But once the mass market had been established by the state it became a permanent object of private aspirations. The public sector remains a huge reservoir of demand for food with enormous potential for profits. At present, the big private firms can only profit from the public sector by sales of raw food materials and catering apparatus. But the giant multinationals like Grand Metropolitan, Trusthouse Forte and Sutcliffes are clearly aiming to get into this sector. The current government provides them with the backing they require with its policies of extensive privatisation.

2.23 Public sector catering is indefensible in terms of the food it produces, both in taste and nutritional contents. Private companies may appear to be an attractive alternative. In practice they are likely to produce food of less nutritional value at higher cost. One classic case is the privatisation of Merton educational authority's school meals service. Sutcliffes now have the contract and supply 'hot airline meals' at a cost of 60p (as opposed to 35p in ILEA schools) while the Family Service Unit have calculated that the real value of free school meals declined from 62p to 57p in the first term. In addition, public sector catering provides relatively better pay and conditions for its workers and this is the first thing to come under attack after privatisation.

## The industry's response to the crisis

2.24 Over the last quarter of a century, the big food manufacturing companies have pursued competitive advantages through concentration of ownership, economies of scale, vertical integration (both economic and technical), squeezing wages and the introduction of new technology to shed labour and

cheaper and standardise the product. Today, however, they are faced by a static market, the power of the retailers, the rising costs of raw materials and energy, and changing consumer taste. The main response of the manufacturers has been to intensify their traditional methods and at the same time to attempt either to diversify out of the sector or to break through into new areas of profitable production through a 'technological fix' such as new developments in biotechnology.

2.25 The mass production system is highly developed in the food industry. In 70 of the top 100 grocery products, the largest two manufacturers have over half the market between them. In 60 one manufacturer alone holds over 60%. The evolution of this concentration can be clearly seen in two of London's major industries. In biscuits, 90% of London's biscuit workers are now employed by either United Biscuits or Nabisco who have taken over a host of smaller and famous brand-name companies over the last 20 years. The big Nabisco biscuit factory in Bermondsey, for instance, was once Peek Frean, then Huntley & Palmer, then Associated Biscuit Manufacturers and now Nabisco as larger and larger companies swallowed it up.

2.26 In flour-milling and bread-baking, the largest sector of food employment in London, there is another clear example of the powerful tendencies towards concentration or monopoly in mass-produced food. The Big Three millers, Associated British Foods (ABF), Rank Hovis MacDougall (RHM) and Dalgety-Spillers now dominate the industry and are responsible for 83% of UK flour production. Over the last 20 years they have been engaged in an intense struggle for outlets and market shares. Until the 1960s RHM and Spillers were involved only in milling and ABF only in baking. Then RHM and Spillers began to buy into baking to ensure outlets for their flour, while ABF integrated both backwards into flour mills and forwards into retailing chains (Fine Fare and Shopper's Paradise). ABF and RHM then set themselves to drive out their competitors through ruthless commercial warfare. First they either bought out or undercut independent millers and bakers and then they turned their attention to eliminating their chief rivals, Spillers and the Co-op bakeries.

2.27 They employed the tactic of offering enormous discounts to retailers as an incentive to buy their bread and thus, in effect, deny outlets to Spillers and the Co-op. The smaller companies with less financial muscle could not afford to match the discounts and eventually Tesco and Asda stopped taking bread from Spillers. In 1978, denied a market for their bread, Spillers quit baking, closed 23 bakeries, sold off 13 to RHM and ABF at rock-bottom prices and made 8000 people redundant. Consequently, Spillers lost their tied outlets for their flour and became increasingly reliant on independent and Co-op bakeries for outlets, and on RHM and ABF to buy fixed quotas of their flour under agreements signed when they ceased baking. These agreements have now ended and Spillers may have to resort to further closures such as the Millennium Mills on Victoria Dock which currently employs 127 people. Meanwhile over the last four years the two remaining London Co-op bakeries at Tottenham and Mitcham have been forced to close by the pressures from RHM and ABF.

2.28 Thus two giants have taken an almost complete grip on large-scale

flour-milling and baking in London. This does not mean, however, that they have resolved all their problems in the process. First, they now find themselves being squeezed by the retailers who have substituted own-brand bread for labels like RHM's Mother's Pride or ABF's Sunblest, playing off the big two against each other to negotiate hefty discounts on bread prices. The big plant bakers often have to sell at a loss or else squeeze their own costs — something which is hard to achieve in very capital-intensive plants. At the same time, RHM and ABF are being squeezed from the other end by rising consumer demand for better quality brown and wholemeal or speciality breads. The Big Two have both responded to this trend by introducing and heavily advertising new ranges of brown breads. (RHM have produced the Windmill range and ABF the Vitbe, Hi-Bran and Allinson range.) Nevertheless, these new demands have given a new lease of life to independent bakeries and the retailers are responding both by stocking new varieties of bread and introducing their own in-house 'hot-bread' shops, for example.

2.29 The big companies have sought economies of scale through capital-intensive methods. Highly automated food processing is the norm in the sugar refineries, biscuit factories and flour mills of London. The flour millers ABF increased their labour productivity by 51% between 1968 and 1976 and similar figures are common in other firms. Recently, the main lines of advance have centred on the remaining labour intensive areas of the industry, notably packaging, where new fast-pack technology like the Ishido-driver weight-packer has had a major impact, and in bulk discharge and transportation systems. Firms are also shifting from producing food in a series of isolated stages or batches to a continuous production system involving very little use of labour. Thus a sizeable bakery production line can now be run by one or two workers; the machines carry out all the stages of production from measuring out ingredients to packing the loaves in plastic bags in one continuous process. As a result job shedding continues at a rapid pace.

2.30 Automation and technical innovations are also spreading rapidly into areas where labour intensive processing have hitherto dominated, such as retailing and catering. In retailing the spread of throughput has been greatly increased by computerised stock control, bar coding of goods and electronic point of sale (EPOS) facilities. In catering traditional methods still predominate, but the fast food end of the business is pioneering numerous capital-intensive techniques that will soon spread factory methods into wider areas. In particular, cook-chill-heat systems for cafeterias and airlines are spreading rapidly to schools and hospitals, vending machine techniques are expanding, and improving refrigeration technology increases the scope for mass production methods in these areas.

2.31 But the development of mass production food systems has not stopped at the factory. The multinational food companies have a highly developed vertically integrated system of food production from the field to the table to complement their factory methods. Many of these companies have invested in agriculture and farming and have geared agricultural production to the needs of their processing systems. They use a restricted variety of seeds with special

herbicides and insecticides to produce uniform crops suited to their special-purpose farm machinery linked to canning, freezing or processing. Two classic cases are peas that mature uniformly for mechanical harvesting and processing and the reduction of the range of wheats grown for bread because the 'Chorleywood' baking process can only cope with small variations in the gluten content of wheat.

2.32 This results in a narrowing of the variety of staple foods and has also resulted in the multinationals committing themselves to a particular capital- and energy-intensive form of agribusiness. UK agriculture is now among the most agricultural-intensive anywhere in the world and the marginal productivity of using more and more fertilizers is declining. The system produced high profits in the years when energy was cheap, but with shifts in the world oil economy its future looks precarious. At present, 17% of total UK energy (nearly all of it oil) goes into food production, and by the time that North Sea oil runs out it may well be 30-50%.

2.33 The multinationals place their hope of escaping from such an energy crisis in technology innovations, whether in the form of new chemical fertilizers or new forms of biotechnology. If food materials could be synthesised, then food manufacturers could hope to free themselves from the vagaries of the world agricultural market. The problem is that all such attempts to date use even more energy than agribusiness.

2.34 In the meantime, both manufacturers and retailers attempt to bolster their market share by sustained high levels of advertising. Seven of the top ten press and TV advertisers are major food retailers including Tesco, Asda and the Co-op, and retailing was the fastest growing advertising sector in the 1970s.

2.35 Economies of scale, advertising, new technology and vertical integration remain the key strategies of the food firms. Alongside this goes continual pressure on the workforce as part of the campaign to reduce wage bills and increase labour 'productivity'.

## **The impact on the workforce**

### **Workers in food processing**

2.36 The occupational distribution in 1979 of all those whose work is associated with food is shown in Table 3.

2.37 From this table it can be seen:

- (a) that there is a very marked sexual division of labour in the industry. Men have over 75% of the actual food processing jobs, and make all the metal containers, while women do 75% of the assembly work (mainly packaging);
- (b) of the associated services to the industry, men alone are employed in

Table 3: Occupational distribution of workers in food processing, 1979

	Male	Female	Total
Professional management and Administration	3,164	514	3,678
Professional scientific and Engineering	0	276	276
Managerial	3,806	1,082	4,888
Clerical and related	2,521	9,943	12,464
Selling	3,758	596	4,354
Security and protection	506	0	506
Catering, Cleaning and Personnel services	272	3,770	4,042
Processing excluding metal	10,989	3,167	14,156
Metal processing	6,199	0	6,199
Painting and assembling	2,310	6,956	9,268
Construction	335	0	335
Transport, moving and storage	9,420	0	9,420
Miscellaneous	3,146	566 <sup>a</sup>	3,712
	46,426	26,870	73,296

Source: Labour Force Survey, 1979

transport, moving and storage, in security and construction, while women have 93% of the cleaning and catering jobs and 80% of the clerical jobs;

- (c) in selling (86%) and management and administration (81%) men predominate. All laboratory technicians appear to be female, probably indicating that the sampling technique was defective.

2.38 Although only 37% of food processing workers were female in 1979, this proportion is likely to be higher now. The proportion of female workers also increases further down the food chain, with 67% employed in distribution female and 74% employed as caterers.

2.39 Women's responsibilities in the home often restrict them to part-time employment and the food industry as a whole has made use of this supply of relatively cheap labour. Nearly all the female labour in food processing is part-time and a sizeable proportion of it is in catering and distribution.

2.40 There is a high proportion of black employment in the industry: 9.4% of its workers, as opposed to 4.3% for industry as a whole, are of families originating in the Indian sub-continent. The proportion of workers of West Indian and African ethnic origin is the average for London industry. This corresponds to the location of the industry, which is concentrated in Brent, Ealing and Newham, the three boroughs with the largest proportions of the population originating from the Indian sub-continent, and in Southwark which has a relatively high (18.3%) West Indian population. As is typically the case in industry in these boroughs, black unionisation and involvement in the unions is high.

2.41 The effects of current technical changes in the industry are felt unevenly across the workforce. The main processing or 'hot end' of the industry has been highly mechanised for some time. Remaining work there involves the supervision and control of input mix and cooking times and the maintenance of machines. Other men work in heavy packing, stacking and warehousing. Both types of work already use computer controlled processes, but the perfection and extension of microelectronics in these areas will reduce the need for human supervision. The Manchester Economic Research Group has predicted that the full exploitation of existing advanced technology in this area will allow the replacement of four out of five existing workers.

2.42 Cuts at the female packaging side are expected to be even more dramatic, because here quite cheap new machinery can both improve precision and thus reduce wastage, and speed up the process considerably. A new machine, the Ashida Computer Combination Weighing System, which can cost only £28,000, has been estimated to be able to replace 30,000 jobs over the next year if used across the industry. It is used already in the Heinz factory in Hayes, and the potential range of products on which it can be used is enormous. Any reasonably dry non-sticky food can be packed by it with much less 'giveaway' through inaccuracy than on existing machinery. In particular, jobs in packing confectionery, biscuits, snacks and frozen foods are likely to be severely affected.

2.43 Thus, given the existing sexual division of labour, women are likely to suffer most from the new processes that are being introduced now. The chances for a united response from all sections of the workforce are additionally limited by the differential impact changes in work practices on women and men. The increasing use of shiftwork, to allow continuous utilisation of expensive equipment, has tended to exclude women from certain work. Low basic wage rates have led to a pattern where many men work up to 60 hours a week, i.e. up to four hours overtime per day. Women's work has been reorganised almost entirely around the introduction of part-time shifts with each woman working four hours per day. The benefit to management of this move has been to cut out production lost during meal breaks, yet to have a frequently refreshed workforce. They also expect lower wage demands in the future from a traditionally less militant workforce, grateful for any available job that fits in with domestic commitments. This process of replacing full-time by part-time jobs has happened very gradually. The GMBATU has a policy against



the creation of new part-time work but the process seems nearly complete already.

### Workers in catering

2.44 A high percentage of catering companies pay employees less than the legal minimum. Service workers (waiters, waitresses, etc) presently get £1.74 per hour in London — £68.04 gross for a 39 hour week, and these figures include the amounts later deducted for meals (up to 18.3p per hour to a maximum of £7.14 per week for two meals per day). For those who live on the job, the employer can legally deduct a further £20.67 for a shared room and £17.55 if the room is shared by three or more workers. Working hours frequently involve split shifts, involving three or four 'dead hours' during the afternoon and a working day that starts around 10 a.m. and does not finish until the small hours of the morning. Weekend work is frequently compulsory. Many workers are part-time, some working in two or three establishments every day. They have no legal protection because their hours are outside Wages Council conditions. They do not get their NI stamps paid and many are employed 'on the lump'. In addition, many workers (especially Spanish, Portuguese and Latin American) are trapped into illegal employment without work permits, a system which gives management effective powers of deportation at whim.

2.45 Tipping remains an important source of income and although it is officially in addition to wages, employers can deduct £8.40 per week from wages in return for an assurance that tips will exceed £8.40. In other words, the first £8.40 of tips is frequently deducted from the minimum wages.

2.46 It is hardly surprising that labour turnover in catering, except in canteens, is high. According to the Hotel and Catering Industry Training Board, turnover of staff is as follows:

Table 4: Percentage of staff leaving catering each year

	<i>Managers</i>	<i>Craftspeople</i>	<i>Unskilled</i>
Hotels and guest houses	11	39	54
Restaurants	10	23	66
Cafes	11	60	73
Pubs	14	75	68
Clubs	23	90	61
Canteens	20	17	34

Source: Hotel and Catering Industry Training Board, 1983

2.47 Black men and women, and white women are heavily discriminated against, being grossly over-represented in the unskilled branch of canteen staff.

2.48 Immigrants and migrant workers (temporary workers, often here illegally from countries such as Cyprus, Portugal and Colombia) are also heavily over-represented in the lower wage grades of the trade. To the eye, most catering establishments seem based on sexual and racial discrimination. The public sector is no exception, and Heathrow Airport is probably worst of all.

2.49 Trade union membership in catering is guesstimated at 7-10% of the workforce. There is a long history of trade union organisation in catering and it is mostly a history of failures. Attempts at organisation before the war were replaced by attempts at legislation by the Attlee government. A Wage Board was eventually established, but when it was incorporated in the Wages Council in 1959, unlicensed premises were left out. There is still no regulation of wages in unlicensed catering even today. The main catering union is GMBATU. Its first push was in 1946-7 when it increased membership in London from 500 to 13,000. After a disastrous strike, membership declined to 2,192 at the end of 1948. The second push started in 1971 so that nationally it now has about 30,000 catering workers and the TGWU has about 12,000. The general picture remains one of low organisation with one or two notable exceptions. British Transport Hotels is an NUR and TSSA closed shop now under severe threat from privatisation. NUPE has closed shop agreements in many public sector catering establishments.

2.50 In-house catering (industrial canteens, school meals, office canteens etc) are a relative haven of rest from such pressures and offer guaranteed 'benefits' like paid NI stamps, paid holidays, etc — things that are taken for granted in other industries.

### **Workers in home and factory**

2.51 The division of labour in the chain of food production is constantly shifting. Women overwhelmingly have responsibility for the unpaid labour of food cooked in the home: the sharing of such tasks by men has made little headway. The rising consumption of 'convenience' foods frees women from much of this burden, although, of course, they cost more. Before the Second World War, for instance, nearly a million women worked in domestic service, largely working with food. After the war service declined sharply and many of these women moved into factory jobs in the food processing industry. Women are to some extent caught both ways by the food industry: the convenient fish fingers that give them the time to go out to work eat up much of the extra cash that they earn. Much the same is true of 'convenient' one-stop superstores. These help the mobile, especially those with cars. But the opening of superstores is usually accompanied by the decline of delivery services and closures of corner shops. The concentration of shopping facilities often

increases the amount of labour required from less affluent houseworkers by increasing the amount of time spent on doing the shopping.

## The impact on the consumer

2.52 There is an increasing public awareness that the sort of food that mass production yields is bad for us. Official government reports like the Black Report on Health in 1980 or the NACNE report of 1983 show that the national diet is a major cause of disease. NACNE (the National Advisory Committee on Nutrition Education) was set up by the DHSS in 1979; the DHSS has refused to accept its findings, which were delayed in publication until November 1983.

2.53 The UK has the highest incidence of diet-related disease anywhere in the world, and the trend is upwards in contrast to almost every other country. Processed foods are high in salt, sugar and fat and low in fibre. They contain ever-increasing amounts of non-food additives, many of which are banned in other countries. Some of the resulting diseases are already well-known, others will emerge only over time. But already bowel cancers, diabetes, heart disease and tooth decay impose enormous costs on the National Health Service. Much of this is avoidable if better and more nutritious foods were consumed.

2.54 Until 1945 food was a major issue in British politics. In the 19th century mass agitation against food adulteration forced the Food and Drugs Acts from the 1850s to 1870s — a major forgotten episode of British labour history. Thereafter the question of food, particularly that of food prices, remained a sensitive political issue. Since the war, however, the boom of the western economies pushed it to one side. It was as though problems of subsistence existed only in the Third World and had been resolved elsewhere. However the problems of diet and food within the developed countries are now once again becoming major issues of public debate.

2.55 Moreover, it is becoming clear that today our food system faces problems of affluence and problems of subsistence at the same time. Mass movements, particularly in Europe, have highlighted the problems of diets of affluence in terms of their effects on ecology, pollution and health. These have found their echo in changing consumer demand for more varied, less processed foods and wholefoods, which have already had a major impact, for instance, on the giant US consumer market.

2.56 Problems of subsistence have once again arisen. The National Food Survey shows that lower income groups are spending higher and higher proportions of their income on food. A recent survey showed that 23% of the unemployed had had to cut back on their spending on food and that meals were missed increasingly frequently.

2.57 Numerous recent studies have also demonstrated how the poor pay more for their food than the more wealthy. Without ease of access to superstores, freezers or cash for bulk buying, pensioners or those on benefits have to buy more frequently in smaller lots and therefore end up with

proportionately higher food bills. The provision of school meals and spending on food in hospitals are now also being severely squeezed by cutbacks. These conditions provide the necessity of, and the basis for, a revival of political activity on the question of food.

## **Towards an alternative**

2.58 The GLC's interventions in the London food industry reflect these growing concerns over the quality of food as well as concerns with employment in the industry. Counter-policies are based on criteria covering:

- (a) the nutritional value and quality of our diet and the ecological costs of its production;
- (b) the accessibility and availability of decent food to all sectors of society including a commitment to ease the burden of unpaid female labour in the home;
- (c) the protection of employment in the industry and improvements in the levels of wages, conditions and unionisation.

## **Interventions in consumption**

2.59 At present workers are excluded from any say in the sort of food they produce. The nature of the product is excluded from the agenda of collective bargaining. Yet the production and retailing of healthier and more varied foods would be likely to create new jobs, in part because it would be less susceptible to automation. An alliance between food workers and consumers for the production and distribution of healthier food could exert significant pressure on companies to change their practices.

2.60 At present, the British Nutrition Foundation, which is 98% funded by the food industry, purports to represent the interests of consumers whilst defending existing products. The GLC has established the London Food Commission as an independent alternative to the British Nutrition Foundation, free to assess the available evidence on food and health and to promote improvements in food production methods and our diet. Only by meeting the demands and needs of consumers can food production provide secure jobs with a future.

2.61 The Commission will also promote better information for the consumer, particularly through improved labelling of products and will promote improved food education through new courses in schools, colleges and polytechnics.

2.62 In addition, the GLC acting alone or in conjunction with other progressive local authorities can use its position as a major food purchaser to improve the quality of food in London. The public sector serves up to 2 million meals per week in London alone. It is under threat from privatisation and it is

constrained by budget limits. There are nevertheless a number of ways in which public sector catering can increase its bargaining position:

- (a) the adoption of the NACNE guidelines and their use to improve the quality of the food produced for the public sector;
- (b) the use of food purchasing contracts as part of the bargaining position with food companies over their future investment plans;
- (c) the redirection of food purchasing contracts to companies that have progressive employment policies;
- (d) the use of food purchasing contracts to encourage more progressive employment policies by existing suppliers.

2.63 This strategy should be extended over time so that purchasing contracts specify acceptable working conditions, planning agreements with workers, the quality of food and the technology of its production.

### **Interventions in production**

2.64 The London food industry is dominated by large manufacturers, but there are significant areas where small to medium producers remain important or where new trends in demand for food offer opportunities to challenge the power of the giants. Direct investment by GLEB in such areas could raise the quality of the product, promote better food and, at the same time, act as a lever to promote better unionisation and working conditions within the independent businesses and to overcome racial and sexual discrimination there.

2.65 One example is the meat products sector. Although Wall's are the predominant sausage manufacturers, they hold only 10% of the national market. Butchers and independents still have a large share of the market. Pig-meat products are usually 'upgraded' in the process of cheap mass production. In sausage-making, quantities of 'manufacturing pork', fat rusk, ice, soya and additives are put through a giant chopping machine and made into a paste which is extruded through a nozzle into gut or collagen skins. Government regulations on composition are not very rigorous. Pork sausages must contain 65% of meat, but only half of this has to be lean meat. 'Sausagemeat' must contain only 12.5% lean meat. Moreover, these regulations apply only to retail sales. Sales to the catering industry are effectively outside these controls. EEC regulations have slightly increased the labelling of contents, but even the newest regulations do not force manufacturers to specify the water content of their ham. Better products require a reversal of this process, partly through better legal regulation of quality, partly through improved public awareness and partly through supermarkets responding to the demand for higher grade products.

2.66 The big producers seem unwilling to move in this direction. They hope to avoid the problems of shifting demand — as well as those of rising costs — in three main ways. First, an injection of new technology could enable them to make more economic use of carcasses and produce 'extended' meat products

which can be dressed up and packaged to attract consumers. Secondly, freezers will give longer life and a new aspect of convenience to meat products. Thirdly, they can develop pre-packaging and introduce new products such as BBQ, turkey or chicken sausages.

2.67 On the other hand the rising demand for better products can be used to restructure the independent sector on the basis of better quality and better conditions for labour and to require that conditions are improved. As it stands, conditions are poor. Most of the smaller factories need modernising and improved hygienic conditions, wages are low and there is evidence of racial prejudice in the employment policies of many smaller firms. There is also a sharp sexual division of labour between female packers and male butchers. The industry is poorly unionised in these firms and pay is low.

2.68 GLEB can utilise the opportunity provided by these firms' need for capital to improve their products and premises in order to respond to new demand.

2.69 Two factors currently hold firms back from pursuing such developments on their own initiative. First it is hard to raise finance for infrastructural investment rather than production. Secondly, they are uncertain about their prospects for distributing better quality products through existing retail outlets. About 45% of meat products sell through supermarkets and multiple grocers and these outlets require expensive packaging and uniformity of products. Partly because of this, smaller firms generally look to the catering market for a large proportion of their sales. In this context the GLC's purchasing power could be a major lever. Products could be developed in liaison with the GLC's purchasing departments to agreed standards and specifications and provide the innovating firms with the security of outlets that they need in developing better products and raising the standards of their factory premises, wages and conditions.

2.70 Detailed work with firms in this sector is currently being undertaken with a view to such restructuring in the interests of both workers and consumers.

2.71 Another opportunity is presented by the wholefood sector. Small co-operatives have played a pioneering role in this sector, combining a commitment to the promotion of healthy living with the creation of a democratic work environment. The turnover of the London wholefood sector is currently increasing by 20% per year and about 1,000 people are involved in wholefood retailing. Multinationals like Booker McConnell (the owners of the Holland and Barrett Healthfood chain) currently have a dominant position in wholefood retailing. As yet, the market is expanding and changing and there is plenty of room for both small and large producers. But it is likely that, as in the US, big companies will show little commitment to sustaining the quality of their product and will increasingly seek to lure consumers into buying package and processed foods dressed up with 'fresh' or 'healthy' labels.

2.72 The small co-ops are a bastion against this trend, but they often have limited marketing and business skills and inadequate premises. Many suffer

from problems of small-scale ordering and there is little collaboration between co-ops to offset this.

2.73 There are opportunities for an intervention by GLEB to have a significant effect. The big companies are gearing up for commercial success in this area. GLEB can support the smaller businesses who have a commitment to improve diet, create jobs and provide a commercial counterbalance to the food giants. This would help carry this strata of firms into the next stage of development of the wholefood business. There is likely to be a further big increase in demand for wholefood and, co-ops may need financial assistance to cope with the problems of expansion. At the same time new areas like wholefood take-aways are already showing signs of speedy growth. A strategic intervention could firmly establish the necessary infrastructure for a healthy and expanding co-operative sector in the following ways:

- (a) The development of a wholesaling and commercial support structure for smaller firms, assisting in advice, information, promotion, supplies and training. In some respects this would parallel Booker McConnell's Realfare subsidiary, but it would be less geared to packaged goods and more sensitive to the needs of smaller businesses.
- (b) Encouragement of collaboration among firms in the sector. One idea currently under consideration by GLEB is the creation of a Food Park which would bring together manufacturers, wholesalers and distributors of wholefoods in one location. Economies of scale and intertrading should mean that the Park could offer the widest range of wholefoods available in London at the lowest prices. Also schemes for joint ordering and joint packaging could be assisted.
- (c) Appropriate support for co-operatives in expanding their business, particularly in obtaining better premises and financing new activities. This will help to maintain the pioneering role of these shops and give practical support to their commitment to keep wholefood 'whole' and 'unadulterated'.
- (d) An information and advice service to assist the launching of new small wholefood businesses and help them obtain suitable premises.
- (e) Organisation of training courses for business management skills and expertise in diet and health.

2.74 A similar strategy is appropriate in support of ethnic foods. Again, demand is growing and a vigorous sector of small to medium firms producing good nutritious products exists. Intervention could bolster this sector by assisting ethnic minorities to establish voluntary buying groups to bring their buying power closer to that of the multiples, or to support a franchise operation run by ethnic minorities which would specialise in providing 'ethnic' fast food for Londoners. GLEB has already successfully funded Metropolitan Foods which specialises in the packaging and distribution of a wide range of rice, pulses and edible oils, and Binisa Oriental Foods, manufacturers of Asian snack foods. These two projects have so far created some 50 new jobs.

2.75 In sectors where the big mass production companies are overwhelmingly dominant — such as bread — GLEB is ready to support smaller firms who are able to challenge the big companies with more healthy products, such as bakeries. An unsuccessful attempt was made to save the last surviving Co-op bakery from being driven out of business by RHM and ABF in 1984. The power of firms such as these should not be underestimated and the GLC will continue to support workers in their defence of jobs. At the same time, the GLC will introduce the idea of food *conversion*, encouraging workers to take an interest in the nature of the product produced and to develop alternative plans for better and more nutritious products.

### **Interventions in distribution**

2.76 The centre of power in the food industry has increasingly shifted from manufacturers to retailers. The reorganisation of production is inseparable from changes at this level, and we have already looked at one example in the case of wholefood. The strategic aim must be to control the supermarkets and retailers so as to ensure they promote the sort of standards we want to see in the food industry. Certain particular functions such as door-to-door milk deliveries, which are of considerable health and social value, need to be defended and built upon as they come under pressure from the centralising drive of big superstores. The GLC is committed to preserving local and accessible shopping facilities, particularly in working class areas. It will use its planning powers to promote this and to increase local democratic control both of shopping facilities and, in the long run, of the content of the supermarket shelves.

### **Interventions in catering**

2.77 The GLC Supplies Department purchases food for its own catering needs, those of ILEA, various outer London boroughs and Buckinghamshire school meals service. The Supplies Department buys around £27 million worth of food each year. At present the GLC food purchasing organisation operates with few nutritional guidelines. Indeed, since 1980 there has been no legal necessity to attain any level of nutritional standards in public sector catering.

2.78 A quarter of the District Health Authorities in the country have now formally adopted the guidelines for educational use and catering provision. It is of course one thing to adopt nutritional standards and quite another thing to put them into practice, especially when a large proportion of processed foods that are normally bought by caterers do not in themselves conform to the guidelines. Clearly, the only possibility of making progress is either to refuse to purchase processed foods that do not conform to the guidelines, or to negotiate with the manufacturers to change their products. Both strategies have been used by public sector food purchasers elsewhere in the world. The New York School Food Program now has seven years experience of continual progress in this field. They started by integrating education catering and nutrition



education over a period of three years so that their nutritionists and caterers fully understood each other's perspectives and problems. Once the integration had taken place, a rolling programme of increased nutritional standards was initiated, involving the preparation of new purchasing guidelines that are constantly up-graded. The New York Program now operates a complete ban on many additives and has steadily increased the use of wholemeal flour products and fibre, decreased sugar and salt, introduced tofu and other natural soya bean products (all of which are higher in protein than meat), and a new breakfast cereal to their specification. This is sold on the open market with a flash band across the carton stating 'As recommended by the New York School Food Program'.

2.79 New York's Education Authority realises that it feeds the city population their main meal of the day during the ten most formative years of their lives. Good eating habits adopted in childhood can last a lifetime. In school meals provision, there is clearly an opportunity to educate generation after generation of children in all the intricacies of good food, properly cooked and pleasantly served. It should be noted that all this has been achieved in New York under strict financial controls. It has involved imaginative packaging of food — learning a thing or two from the fast food chains, a programme of education for parents and a radical decentralisation of control. Every school is encouraged to have its own Nutrition Committee involving parents, children, cooks, teachers and heads and every school is invited to prepare its own menus in line with the overall nutritional guidelines, so that their particular ethnic needs and preferences are met.

2.80 A similar programme has been initiated in New South Wales, Australia, with similar success. Whilst conditions in Britain are somewhat different, public sector catering in London could no doubt learn much to its advantage from closer examination and emulation of these programmes.

2.81 The evidence from New York and New South Wales indicates that considerable improvements can be made in public sector catering within the strict budgetary guidelines that operate and that such strategies are the best way of defending public sector catering against the threat of privatisation.

2.82 There are also a number of ways in which the GLC can help improve the employment conditions of catering workers and the quality of the food that they prepare. Catering is the only part of London's food sector in which there is presently job creation. The voice of workers and consumers in this expanding sector, their ability to articulate their nutritional rights as consumers and their ability to organise themselves as workers can determine to a considerable extent the direction in which catering goes.

2.83 But the direction which the growth of catering will take is still in the balance. Will it be towards over-refined, highly processed foods full of chemical additives, made in automated factories and sold in vending machines, or towards nutritious food prepared and served by workers with decent wages and conditions? The GLC strategy is intended to help articulate consumer demands for good food and workers, demands for decent jobs.

## **Unionisation of catering workers**

2.84 Unionisation of private sector catering workers is low and the combination of unsocial hours, split shifts, part-time work, language difficulties, and illegal working by migrants and refugees combine to make unionisation particularly difficult in this sector. It is for this reason that the GLC has provided a grant to the Service Workers Action and Advice Project to employ organisers for catering and cleaning workers.

## **Catering companies**

2.85 Private sector catering is dominated by a few multinational companies. There are few medium size companies but many very small catering companies. Because the public sector in Britain does not have the legal power to trade, it has to contract out much of the catering in public places such as museums, parks, concert halls, etc. to private firms. The small catering companies are unable to take up many of these contracts so they invariably go to conglomerates like Sutcliffes, Grand Metropolitan and Trusthouse Forte, all of whom are seeking to privatise public sector catering and other services.

2.86 The Greater London Enterprise Board gives close consideration to the expansion problems of small catering companies, particularly co-operatives and companies run by ethnic minorities to provide ethnic food, with a view to such companies being able to bid successfully for catering contracts in the public sector. The success of Chinese, Greek, Indian and Turkish restaurants and take-aways since the 1960s have given the lie to the claims of the big caterers that people only want and will only buy foods with lots of fat, sugar, salt and over-refined carbohydrates. Ethnic food is one of the few sources of nutritious, balanced, cheap food in London today.

## **Nutritional standards**

2.87 Whilst food companies are now legally obliged to print the contents of processed foods on the packets and tins (though not the quantities of each ingredient), caterers are not obliged to publicise the contents of their fare. A change in the law is desirable so that all food, however it is sold, is adequately labelled. Meanwhile the GLC could set an example by clearly stating the contents of food provided by its in-house catering, oblige private caterers to which it has contracted work to do likewise, and adopt the NACNE guidelines for all its catering provision.

2.88 The GLC can also initiate discussions with other public sector caterers such as district health authorities, borough councils and regional councils with a view to co-ordinating a common approach to food manufacturers regarding nutritional specifications of the food purchased from them.

## **Training**

2.89 Catering is an expanding sector of employment in London. It is essential that the workforce be properly trained to adequate standards of hygiene, nutrition, etc. The GLC will take every opportunity to use and support the Hotel and Catering Industry Training Board.

---

## **Proposals for action**

---

1. **The GLC will develop policies for the food industry based on the following criteria:**
    - **The creation of new jobs and the protection of existing jobs in food**
    - **Improvement of the product in line with NACNE guidelines**
    - **Cheaper real food costs**
    - **Increased energetic efficiency of production (more organic farming, less refining, less energy-intensive processing)**
    - **Greater convenience for all shoppers and home cooks. Reduction of unpaid domestic labour in food. Greater socialisation of eating.**
  
  2. **The objectives of GLEB investment strategies are to:**
    - (a) **strengthen medium sized independent producers through takeover and loan support**
    - (b) **strengthen the distribution system to ensure outlets for their enterprises by:**
      - **negotiating with major retailers with a view to London and GLEB backed sourcing**
      - **investing in the extension of a modern, London-based independent marketing and distribution system for wholefood, convenience and ethnic food products.**
    - (c) **through enterprise planning and the encouragement of co-operatives, improve wages, working conditions, unionisation and the extension of equal opportunities in the supported enterprises.**
-

---

3. GLEB will consider establishing a Food Park to secure integration between distribution, food processing and catering, and to provide common services, technological support, and integration between wholefood, ethnic, co-operative, municipal and medium-sized food enterprises.

---

4. The GLC will work with those in the co-operative movement, old and new, who are attempting to re-invigorate the movement's traditional commitment in the food sector to good working conditions, healthy food and reasonable prices by:

- (a) supporting producer co-operatives
  - (b) re-orientating co-operative food retailing towards the new trends in the sector notably: flexible specialisation, the concern with nutrition and food quality, and the expansion of the ethnic and wholefood sectors.
- 

5. The GLC will continue to extend its early warning system to monitor potential closures in the food industry, and to work with the food industry trade unions to resist each closures. As part of this it will develop with the unions alternative plans for food production in these factories.

---

6. A significant decrease in diet-related diseases can be achieved by the adoption of the NACNE nutritional guidelines. Calculations indicate that the NHS bill for treating diet-related disease in London is about £300 million per year. Public sector caterers and, in particular, school catering can lead the way in setting nutritional and quality standards for food.

The GLC purchases £27 million of food per year for a large number of public sector caterers, many of which are threatened by privatisation. The GLC will work for the creation of a national centre to co-ordinate and develop common standards for public sector catering. This would bring the quality of our food under democratic control and enable the public sector to act as a counterweight to the buying power of the big retailers and distributors.

---

7. The GLC supports initiatives which make food purchasing and preparation less arduous. Public sector catering should be extended in support of socialised eating using facilities provided by school meal services, pensioners luncheon clubs etc. The GLC supports the campaign for maintaining and expanding door to door delivery services.

---

8. The GLC will encourage the extension of public sector support for food purchasing co-operatives especially for those on low incomes such as elderly

and unemployed people who spend a high proportion of income on food. It will campaign for more reasonable pricing structures based upon need and nutrition.

---

9. The GLC will encourage new courses, syllabuses and exams in schools, technical colleges and polytechnics etc. to take an overall view of the total food system and emphasise the relation between food and health. It will develop programmes to improve working conditions, worker organisation and equal opportunities within the food sector.

---

10. The GLC will encourage a national debate on food policy to increase jobs, improve diet, make food cheaper in relation to wages, increase the energetic efficiency of production and increase convenience to the consumer. Each of these is inimical to the present workings of the Common Agricultural Policy and it is proposed that the GLC collaborate with other EEC local authorities to propose methods of reducing the present tax and subsidy burden of CAP policies which cost us £3.5 billion per year and raise the shop price of food by an estimated 12%.

The British food system currently costs the taxpayer some £5 billion per year. A national food policy will involve the redistribution of this sum to make necessary changes leading to a food system that is ecologically viable, produces the safe and unadulterated food that people want, at prices they can afford, produced and marketed by workers who can be proud of their products and pleased with their wages. It will be a food policy for people and our environment, not a food policy for increasing illness, job losses, environmental destruction, protection of vested interests and the sole benefit of capital.

---

11. The GLC has set up the London Food Commission to identify the needs of food workers and consumers in London; to promote policies responsive to their interests; to be an independent source of advice and information; and to encourage good practices. The Commission will be run by a Council representing trade unions, voluntary organisations, local government, health bodies, relevant professionals and interested individuals, reflecting London's people.

---

Sources

GLC, *The Food Industry in London*, 1983

GLC, *The Case for Cane*, 1983

GLC, *Flour Milling and Bread Baking in London*, 1983

GLC, *End of the Pinta?* 1984

GLC, *The Co-op — can it still care?* 1984

GLC, *Behind the High Street*, 1984

GLC, *Catering in London*, 1984

GLC, *Food for a Great City — GLC Strategy towards London's Food Sector*, 1984

GLC, *The London Food Commission*, 1984

GLC, *Guide to Good Food*, 1985

GLEB, *The Food and Drink Industry: Manufacturing and Processing*, 1984

GLEB, *London's Wholefood Sector*, 1985

GLEB, *The Manufacture of Meat and Meat Products in London*, 1985

GLEB, *Ethnic Foods in London*, 1985

**Section One:  
CONSUMPTION**

**3.  
The furniture  
industry**

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

*Furniture worker at  
Walter Howard  
Designs, Enfield.  
Investment by GLEB  
has enabled the  
company to expand its  
range of products and  
become the nucleus of a  
design-led  
restructuring of the  
sector.*

Photo: Chi Chan.



# The furniture industry

## Summary

1. The London furniture industry is a classic case of deindustrialisation accompanied by massive loss of jobs. Since the Second World War, the industry has come to be dominated by powerful discount retailers and imports have increased from 7% to 27% in a decade.
2. London's traditional furniture sector was based on a large number of small to medium sized firms. The majority of these firms have been driven out of business by the pressures of the mass retailers and the failure to adapt to a changing international environment.
3. However, flexible manufacturing technology and the continuing diversity of consumer demand offer opportunities for the regeneration of London's furniture sector if the remaining firms can co-operate and co-ordinate through new institutions and utilise to the full London's advantages of skills and design talent.
4. The aim of the sector strategy is to restructure the remaining firms around direct intervention in selected companies in key sub-sectors. These firms will reorganise production according to a design-led strategy. The strategy and its implementation will involve detailed discussions with the workforce and enterprise planning so that manufacturing flexibility can be enhanced while worker participation, skills and working conditions are simultaneously developed. The beginnings of this strategy are already in operation through GLEB investments in Walter Howard Designs and Family Tree Limited.

3.01 In the UK, furniture making is a classic case of deindustrialisation. Employment has dropped to less than half its 1951 total of 162,000 and imports have surged from 7% of sales in 1973 to 27% in 1983. London, the historic centre of Britain's furniture industry, employed nearly 40% of the industry's total from 1861 to 1951. Since 1951 furniture employment in London has dropped from 60,000 to 12,000.

3.02 The hope of the present government was that hard times would induce rationalisation or the creation of leaner and more productive firms poised to expand with the next business upturn. But it is now clear that the loss of one in four furniture jobs between 1979 and 1983 did not result in rationalisation. Instead, the industry was decapitalised as profits dropped from 21% to 7% on capital invested. Analysts and journalists advised investors to sell their shares. As a result capital expenditure as a percentage of output dropped from 9% in 1979 to 5% from 1980 to 1984.

3.03 At this point an increase in total demand would merely suck in imports, given the rundown and undercapitalized condition of the domestic industry. Moreover the reservoirs of skilled labour have seeped away both through unemployment and through a virtual elimination of apprenticeships.

3.04 Internationally the industry is still expanding. But Britain, and London in particular, is falling behind. This chapter is concerned with furniture making in London, a hitherto vital segment of the British industry. Our conclusion is that the decline is not caused by high wage costs, restrictive practices or bad management, the so called 'diseases' of British manufacturing. Instead we suggest that London's industry is being destroyed because it cannot wrench itself clear from old business structures and practices at a time of rapid innovation elsewhere. Whole new principles of production and distribution are being introduced by foreign competitors. In London, market mechanisms are operating to aggravate and accelerate that retardation rather than to facilitate catching up. Instead of restructuring the industry, the market is bankrupting it, including the most advanced mass producers, through cut throat 'competition'.

## **Historical background**

3.05 England's furniture industry has always been dependent upon imported timber. Mahogany in vast quantities, for example, was harvested in British plantations in the early 18th century. The East India Docks specialized in the hardwood trade at least until the opening of the Regents Canal in 1820 after which cheap water transportation and steam power transformed the Shoreditch area into a centre for sawmilling, planing and turning. London's industry expanded considerably with the growth in export markets at the end of the 19th century, particularly to Australia, South Africa, Argentina and the United States.

3.06 The organisation of London's furniture industry fits Alfred Marshall's description of an industrial district in 1920:

When an industry has thus chosen a locality for itself, it is likely to stay there long: so great are the advantages which people following the same skilled trade get from near neighbourhood to one another. The mysteries of the trade become no mysteries; but are as it were in the air, and children learn many of them unconsciously. Good work is rightly appreciated, inventions and improvements in machinery, in processes and the general organisation of the business have their merits promptly discussed: if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas. And presently subsidiary trades grow up in the neighbourhood, supplying it with implements and materials, organising its traffic, and in many ways conducing to the economy of its materials.

3.07 In the early decades of this century production and distribution in London's furniture industry were co-ordinated by wholesalers who dispersed orders and some raw materials to a network of small scale suppliers located within walking distance of the wholesalers' warehouses. Once a week the manufacturers delivered their orders often 'in the white' (pre-finished) to the wholesalers in exchange for payment and the next weeks order. The wholesaler, in turn, on receiving the retailer's order would sub-contract the polishing, upholstery and other finishing of the furniture, often done inside his warehouse.

3.08 In this vertically disintegrated system the wholesalers exercised considerable leverage on profit margins by control over the allocation of orders and working capital. Producers, on the other hand, had little bargaining power because of the ease of entry and the ready access of newcomers to the plethora of specialist services available. A manufacturer would sub-contract, for example, sawing, turning, fret-cutting and dowelling and simply provide planing, shaping and glueing. Production itself was organised in a small-master system in which each master craftsman/owner would employ helpers, often under sweated labour conditions.

3.09 The factory mode of organisation was pioneered in furniture making by Lebus at the turn of the century but it was not until the introduction of plywood in the inter-war years that the factory system of production and distribution established itself in north London. Peter Hall described its emergence and the associated movement of firms from inner to outer London:

The incipient factory could already be seen in the East End trade when the Booth Survey [1890s] studied it. There were then three or four works with over 50 men each, selling direct to the Tottenham Court Road shops, the provinces and the colonies. Already the largest was Lebus, in Tabernacle Street. It was Lebus who pioneered the move outwards to space in the suburbs by moving to Tottenham, before the year 1903. Between the wars many firms in Shoreditch and Bethnal Green followed suit. Bluestone and Elvin went from Shoreditch to Walthamstow in 1928; B and I Nathan from

Curtain Road to Hackney and then in 1930 to Edmonton; Beautility from Bethnal Green to Edmonton in the mid-30s. Since 1945, partly because of government encouragement, a few have gone farther out. Jarman and Platt went from Bethnal Green to Romford, about 1955; Hille from Shoreditch to Lea Bridge Road and then to St Albans; and Greaves and Thomas (Put-U-Up), who had moved from Shoreditch to Clapton as early as 1911, out to Harlow New Town in 1954.

3.10 Consequently London's furniture industry split into an inner London segment of highly specialised and competitive small firms, that were co-ordinated and dominated by wholesalers, and an upper Lea Valley factory-based segment designed to break the power of wholesalers by vertically integrating and exploiting the scale economies of the factory system. The factory system involved replacing market co-ordination amongst producers and between producers and retailers with administrative co-ordination over a complex intra-firm division of labour.

3.11 The wholesaler dominated system of inner London could not compete with the emerging factory system particularly in down market, high volume panel production. Faced with the erosion of market power, wholesalers either became factory owners themselves or quietly disappeared. What remains in inner London are remnants of the old industrial district composed of firms that specialised in up-market, small batch or customised, often reproduction, furniture. An indication of the magnitude of the decline is captured by Table 1.

Table 1: **Growth and decline of furniture manufacturing in central London**

This table shows the number of furniture manufacturing firms located in certain central London postal districts at different dates. Peak year for each district emphasised.

<i>Postal District</i>	1802	1859	1872	1911	1939	1958	1975
E2 (Bethnal Green)	0	84	121	377	430	233	82
EC2 (Shoreditch)	15	178	220	358	213	87	19
N1 (Hoxton)	0	148	198	194	226	65	
E1 (Stepney)	6	88	90	69	53	30	14
EC1 (Finsbury)	17	136	134	60	40	10	3
W1 (Mayfair)	57	380	356	289	136	55	13
NW1 (St Pancras)	0	54	63	134	60	30	
WC1 (Bloomsbury)	7	73	54	34	34	16	5

Source: J.L. Oliver, *The Development and Structure of the Furniture Industry, 1976*

3.12 The north London segment based on factory production, on the other hand, continued to flourish into the 1950s and 1960s. Particle board replaced plywood and modularisation was helped by new developments in machinery: pneumatics and hydraulics. The result was economics of scale and large batch production. But decline followed boom in rapid succession. The magnitude of the decline of north London as a furniture centre can be seen in Table 2.

3.13 Many of the big names of British furniture such as Lebus, Great Eastern Cabinet Company, Beautility and Cabinet Industry are now out of business and those that remain have been hard hit, especially in the post 1979 period. The reduction in firms on these industrial estates from 25 in the late 1960s to eight in 1984 cost over 15,000 jobs. The loss of these jobs represented a sizeable share of the drop in London membership of the Furniture, Timber and Allied Trades Union (FTAT) from 28,000 in 1978 to 21,000 in 1979 and to 13,000 in 1982.

3.14 The seeds of decline were planted during the period of modernization of the north London industry. At that time firms introduced new production methods, similar to those used in the motor industry by Ford, cutting costs by high volume, standardized mass production using deskilled labour. But there were two problems with the methods used. First, they never adequately integrated volume production and mass distribution. Consequently, the manufacturers were vulnerable to the bargaining power of mass distribution retailers and became distanced from market developments. Ironically as the retailers came to dominate the manufacturers, the retailers complained more and more that the manufacturers were not innovative in product development or responsive to changing consumer trends.

3.15 From the retailers' point of view several possible resolutions to the dilemma were feasible: emphasis on design and quality along the Swedish retailer IKEA line; competition over price via discount stores following the MFI strategy; or importing from abroad on the Habitat model. In any case, the manufacturers did not seize the initiative and redress the subordinate role that had stripped them of influence over product design and quality or price margins.

3.16 The mass production experiment was prematurely stunted for a second reason. It imitated industries where continuous flow processes were most suitable and economics in costs were thus more pronounced. These methods have worked in furniture, but the advantage of standardization over specialization and continuity over flexibility are far less decisive.

3.17 Consequently small scale producers that maintained flexibility survived. Some sold directly. More importantly, many of the survivors avoided large investments in plant and equipment that would have made them highly vulnerable to foreign competition and dependent upon a few mass distributors to achieve the necessary volume of turnover.

3.18 The decline of both inner London and north London was not part of an emerging concentration of furniture production outside the south east. In fact

Table 2: North London furniture manufacturing 1960s and today

*Firms closing down since 1960*

	Workforce
<i>Angel Colony</i>	
Great Eastern Cabinet Co	300
Sparrow & Simmons	130
Coller	200
Supasuite	200
Beautility	1,000
<i>Ely's Estate</i>	
Homeworthy	500
Uniflex	400
Cabinet Industry	1,000
Wrighton	500
John Citizen	100
<i>Lea Bridge</i>	
Berrys	100
Henry Wilkes	100
Grant	100
Liden (Whitewood)	300
Bluestone	300
<i>Others in North London</i>	
Lebus (Cherry Lane)	3,000
Eyelok	400
Summers	300
Schreiber (Harlow) (Hoddesdon)	1,000
<b>TOTAL</b>	<b>14,130</b>

*The Survivors*

	Workforce	
	1960	1984
<i>Angel Colony</i>		
D & I Nathan	400	260
Carasell	130	30
<i>Ely's Estate</i>		
Stonehill	900	600
Howard	130	100
Wellsell	300	130

<i>Lea Bridge</i>		
Austin	400	200
Total employment	2,260	1,320
	1960	1984
All north London employment:	16,390	1,320

Source: Interviews with surviving firms

Table 3: Regional distribution of employees in the domestic furniture and upholstery industry

	1966	1971	1976	1981
<i>Total UK (000's of employees)</i>	102.1 %	93.0 %	87.5 %	78.0 %
London and SE	54	52	43	41
East Anglia			4	4
South West	4	4	4	5
W & E Midlands	12	12	12	13
Yorks and Humberside	6	6	9	10
North West	10	10	15	15
Scotland	6	6	5	4
Wales	3	3	4	5

Source: Furniture Industry Research Association, Statistical Digest for 1972-3 and 1982

as shown in Table 3 the regional distribution of furniture making has remained remarkably static over the past 15 years. While Greater London's share of national furniture production has dropped from the 40% figure of 1951, much of the decline was picked up by the south east region. Throughout the 1960s half of UK furniture production was in London and the south east, a figure that had dropped to 41% by 1981. In fact, it is likely that the decline of London's furniture industry has had a negative impact on the national industry. For historically London had been the source of innovation in products and processes and a nursery for firms transplanted to the surrounding regions. The vitality of London furniture firms is crucial to this traditional industry.

3.19 Today more than 45 furniture manufacturers employ 40 or more employees in Greater London. Four are in upholstery, seven in reproduction

furniture and many of the remainder are in modern cabinet making using modularized panels. In 1982 there were between 400 and 500 small scale, primarily reproduction, furniture firms in east London. In this total are a group of 'new wave' design intensive, customized, up market, firms that provide furniture for city offices and boardrooms. A number of these firms enjoy commercial success and some are growing rapidly.

## **Wages and conditions**

3.20 Wages in the Industry are set by the National Labour Agreement of the industry's Joint Industrial Council, as are other employment conditions such as holidays, conciliation machinery etc. Evidence from the 1983 New Earnings Survey shows that male gross earnings in furniture in London were around £150 for a 42/43 hour week, slightly under the average for all industries. The average earnings of women in the industry are about two-thirds those of men. Shift work is not prevalent in the industry, but payment by results is greater than the norm. This pattern holds good for men and women. The working conditions in many of the workshops in east London, the centre of the reproduction sector, were found in a survey to be sub-standard and below what would be acceptable under modern health and safety legislation. Many businesses are in small workshops built last century. They are not really suitable for the use to which they are now put and are not favourable for expansion. Whilst unionisation is high in London, fragmentation and competitive pressures render industry-wide organisation difficult.

## **Equal opportunities**

3.21 Women in the industry are stuck in traditional womens' employment and are under-represented in skilled and managerial employment. In a 1981 report, FTAT comments that 'training of women and girls is abysmal, as employers have failed to give serious consideration to this matter'. There is also a complete lack of childcare facilities associated with the industry, or elsewhere. These and other factors, including the lack of any campaigns for womens' rights in the industry, serve to keep women in the lowest paid jobs.

3.22 Ethnic minorities make up only around 15% of the workforce in London. A slightly higher proportion may have been expected due to the occupational distribution of ethnic minority employment that exists, but they are unlikely to be much represented in the higher categories of employment.

## **Resources for renewal**

3.23 Perhaps a last historical opportunity is now facing London furniture makers. The development of modern technology has created new possibilities for flexibility and specialisation that are compatible with the labour skills,



design talents and furniture industry infrastructure that remain in London. To miss this opportunity will be to abandon the industry, not to other parts of Britain, but primarily to continental competitors.

3.24 The case for a furniture making industry in London today is based on the opportunity to develop a reinstated 'industrial district'. This possibility arises because whilst furniture *marketing* is increasingly global, furniture *production* is not. Internationally the furniture industry is rife with successful groups of firms each with between 25 and 100 employees, particularly in Italy, West Germany and Sweden. While large production plants demanding green field sites do exist, there is also a premium on flexibility, design and entrepreneurship associated with smaller scale and organization.

3.25 Whatever London's industrial future there is likely to be a continuing demand for well-designed customised furniture for homes, offices and shops based on one-off uniquely tailored production. The consultative relationship involved offers an advantage to producers who work nearest the consumer which could signal a resurgence in local production.

3.26 In addition, London offers an abundance of knowledge and skill inputs appropriate to small and large batch runs. First, London possesses a pool of skilled labour which is critical to all furniture making, particularly specialized and fashion orientated products. Recently, B & I Nathan, a cabinet making firm acquired and turned around by Parker Knoll, closed its modern Worcester plant to consolidate at its north London site because of the productivity advantages from London's skilled cabinet makers, a move which underlines the need for skilled labour in volume production as well as highly customized furniture making.

3.27 Secondly, London offers a plethora of design talent and higher educational facilities in furniture making. There are over thirty actively employed furniture designers, many serving foreign producers, and perhaps another fifty with less regular outlets. London producers can also draw from the London College of Furniture, the highly regarded furniture department of Kingston Polytechnic, the Royal College of Art and the Design Council. Thirdly, London producers benefit from the array of component specialists that remain in the East London furniture industrial district. Fourthly, locating in London provides rapid access to consultancy services, ideas and components not only in London but in European cities as well. This interlocking network of resources, expertise and local demand provide a basis for a revived industrial district in London's furniture industry.

## **Obstacles to renewal of London's furniture industry**

3.28 Clearly, however, the existence of these advantages is not sufficient for the renewal of London's furniture industry nor even to counter the forces of decline. In this section we will identify three major obstacles to renewal. Each was implicit in the historical section. A renewal strategy must tackle each of these obstacles.

## The power of the retailer

3.29 One fact stands out in the recent history of the British furniture industry: the emergence of the discount, multiple retailer as the dominant force. The power of discount retailers to dictate was the consequence of a concentration movement in furniture retailing. The 1970s dominance of MFI in flatpack was emulated by Harris Queensway's expansion in assembled down market furniture which included the takeover of Hardys with 240 shops and Kentons with 60 shops. As a result assembled furniture manufacturers now face one buyer with about 160 shops where previously they faced three buyers with over 300 shops. With the collapse of other chains such as Newdays (100 shops), Clydesdale in Scotland (50), Grants (80) and Williams (30), bottom market manufacturers were left with six major furniture specialist chain buyers (the Cavendish Woodhouse, Times and British Home Mail Order sections of Great Universal Stores, Harris Queensway, MFI, Courts, Wades and the Co-op) where there had been 10 to 12.

3.30 The dominance of the giant discount retailer over the manufacturer is particularly powerful if the buyer's strategy is based on price discount. Several suppliers, including what was Europe's biggest furniture factory at Runcorn (owned by Schreiber), PPI and Smith and Bockney of London, have gone bankrupt or have been hard hit following excessive dependence on a single retailer. Recently some suppliers have moved towards vertical integration. Schreiber broke with MFI and established wholly owned and franchised retailing outlets. Humber Furniture recently sold its brand name Hygena to MFI which became its sole outlet and made Humber the largest producer in the UK. Similarly, in early 1984 Harris Queensway made long term contracts with two of England's largest furniture manufacturers, Christie Tyler (£25 million turnover), and Stonehill of London, potentially worth £6-7 million annually for each.

3.31 Other retailers have moved the other way. GUS and the Co-op, for example, were vertically integrated until they sold off their manufacturing functions. Either course is only a mixed blessing for the manufacturers. If they are wholly owned by a retailer they are completely dependent on the fortunes of that outlet. If they operate as sub-contractors they risk exclusion from the key outlets to the market.

3.32 The squeeze on both the manufacturers and the traditional high street retailers by the discount retailers has left the UK poorly placed to face the European challenge. For example, giant German up-market kitchen manufacturers such as Poggenpohl (£80 million turnover), Sie-Matic and Rational all successfully invaded the UK market during the 1978-9 recession by going direct to the consumer with franchised, kitchen speciality shops. Kitchen imports exploded from £11 million in 1976 to £94 million in 1983 and to nearly 50% of kitchen sales.

3.33 Nevertheless the current dominance of the discount retailers is a problem. Middle market retailing could be shaken up when IKEA, with its 200,000 sq ft megastores, sets up in England. IKEA is the most powerful

European furniture retailer and compares favourably with Marks and Spencer as a high quality retailer appealing to all income classes. Unfortunately most of IKEA's products will be imported, as the quality for price and volume are beyond the present capability of most UK furniture manufacturers.

### **The fragmentation of manufacturers**

3.34 The furniture industry that sprang up in the north London industrial estates during the 1950s and 1960s was not bound to fail. Furniture entrepreneurs seized the opportunities of new machinery, largely developed in Germany and the US, and transformed production from cottage and workshop modes of organization to those based on large batch and flow-line principles. Easy profits led to expanded investments until production capability eventually overshot demand and a period of chronic excess capacity began after 1979.

3.35 The advances in production techniques, however, were not matched by the co-ordination either of distribution or of investment in plant and equipment. The result was that most panel producing firms gravitated toward the same basic product, namely modular cabinets. Artificial diversity emerged, in that one group went to the bottom of the market while others focussed on mid-market, and members of each expanded their ranges from bedroom to living room cabinets. Nevertheless, all production was governed by a single principle: compatibility with high volume, standardised products using chipboard.

3.36 Small scale does not necessarily entail fragmentation. Fragmentation results from a lack of complementarity and cooperation. Nor did the new technology necessitate low quality. But, given the lack of inter-firm co-ordination, and the resulting excess capacity, price wars were the likely result. In the process, quality, design and product development were all victims of the drive to maintain profits via increased volume and lower costs.

3.37 This strategy only intensified the problem as retailers were left with unsold stock and manufacturers were caught on a treadmill of falling prices (1983 prices for bottom market furniture were less than in 1979). In these circumstances, bankruptcies ensued. At the retail level, those retailers who had high costs, who did not join the price cutting or who guessed wrong on style went broke. At the manufacturing level, squeezed profits and high overhead machinery costs led to labour speedup, quality deterioration, shopfloor strife and production shutdown. The struggle for survival in the price-cutting, unco-ordinated market place of London furniture was transmitted through management into despotic arrangements in the workplace, regardless of the intentions of the entrepreneurs or the efforts of the unions.

### **The inflexibility of product and process**

3.38 Before the emergence of the global market, organisational deficiencies were insulated from foreign competition. Firms were not forced to be

innovative or to develop the capacity to adapt to environmental challenges. Consequently, for example, not a single London furniture manufacturer developed self assembly flat pack furniture capacity in the 1970s, a market which grew from £125 million in 1978 to £320 million in 1982. But some retailers did realise the opportunity and in the process substantially reshaped the marketing of British furniture. MFI specialized in the new product and grew from zero to 12% of furniture sales in less than 10 years. The same thing happened for fitted kitchens and bedroom furniture, two other markets that have grown rapidly since 1979.

3.39 Flatpack furniture exposed the inflexibility in London of the work process as well as product development, for it reduced transport costs and thereby greatly facilitated the import invasion. The passivity of London firms to such product and process developments led to financial pressures and squeezed margins and the further cutting of whatever design, product development and quality that remained.

3.40 Re-establishing the capacity to develop products via the integration of furniture design and production is necessary if the London furniture industry is to move up the product spectrum and counter both the rising tide of continental imports and the increased down market competition from Third World low wage producers. Such increased adaptability and flexibility could come about in either of two ways. Employers might enforce a new regime of compulsory flexibility and intensification of labour undermining traditional defensive practices of the unions. Or they could enhance flexibility by granting greater autonomy to skilled workers and increasing worker participation in the planning and organisation of production. Quality orientated production provides the scope to develop enterprise planning and an increased input from the labour force into the shape of the production process.

## **An industrial renewal strategy**

### **The industrial district as an organizational structure**

3.41 The renewal of London's furniture industry would increase the number and quality of jobs both in expanded furniture production and indirectly in related businesses. The problem is that renewal requires long term finance and a restructuring agent or agents, neither of which is likely to come from within the private sector. Nor have post war governments shown any interest in the furniture industry. The reason is similar in both cases. Furniture is not an industry that could be made internationally competitive by the emergence of corporate giants which, by a mix of acquisitions, mergers and internal expansion, could dominate the industry. In the 1960s and 70s several UK corporate giants acquired furniture firms with an eye to exploiting financial and managerial economies of size: GEC acquired Schreiber, Bowater purchased Alpha, Beautility and Limelight and Lonrho bought Homeworthy. In each case

the profitability of the acquired company dropped and divestment followed. It is unlikely that government financed initiatives to concentrate the industry into a few leading firms would be more successful. In fact, in 1975, the Department of Industry did invest in Schreiber Furniture but without success in terms of providing sectoral restructuring.

3.42 The organizational structure more appropriate to furniture making is the industrial district, composed of independent firms that are integrated by extra-firm organization. Examples from successful furniture districts include:

- (a) Marketing boards amongst Italian producers which direct the distribution of excess orders across potential competitors to co-ordinate marketing and production within the district;
- (b) Exhibition associations amongst Badem Wurtemberg furniture makers which also act to co-ordinate design and products via a common catalogue;
- (c) A French employers association investment fund financed through a furniture sales tax and allocated by modernisation criteria, which provides an informal basis for comparing and co-ordinating investments;
- (d) Export promotion agencies amongst groups of furniture making firms in Yugoslavia, Sweden, Finland and Holland, each of which provides a vehicle for inter-firm co-operation.

3.43 The industrial district provides an alternative to the multi-divisional firm as an organizational model for reaping the advantages of decentralized production with centralization of other functions such as marketing, market research, export promotion, design, financial and legal advice, computer systems etc. Instead of each firm carrying out these functions itself they are provided to groups of firms by specialist companies, consultancy services, governmental agencies or inter-firm associations. These services can be provided either by long term associations among firms, by external agencies selling their services through the market, or by formal administrative links among firms.

3.44 While the heritage of furniture making in London provides many of the individual elements of an industrial district including a sound base of independent firms, the links amongst firms are either non-existent or based purely on the market. There is no organization to provide a medium for enhancing and expanding inter-firm co-operation and thereby stimulating the extra-firm organization and external economies that would benefit the whole sector.

## **GLEB as a restructuring agent**

3.45 Furniture making is therefore a sector in which major benefits could ensue from restructuring but where the free market is unable to undertake the necessary tasks. Free market economics simply assume that private sector

restructuring agents *will* emerge to identify the obstacles to growth and pursue an investment strategy to exploit the gains. Unfortunately in the case of furniture, paralysis, instead of action, grips the potential private restructurers. Corporate giants possess the financial muscle to realize the technical and administrative economies of scale but lack the entrepreneurial element required in furniture making; on the other hand, small to medium sized firms can tap entrepreneurial talents but lack the financial and managerial resources.

3.46 British clearing and merchant banks are hesitant to invest long term in unlisted firms, particularly family firms which, in general, lack formal means of management monitoring and succession as well as management breadth. Venture capital sources provide finance to small firms but focus on individual firms detached from a sector renewal strategy and thereby ignore the crucial significance of extra-firm organization to the success of a firm and are ill-equipped to provide the non-financial resources, including management skills, required for enterprise development.

3.47 In short, private sector institutions, as presently constituted, are ill-equipped to deal with the restructuring of an industry like furniture, in which the minimum efficient scale of production is not large, and which faces stiff international competition from firms that are both well managed and benefit from both long term financial commitment and extra-firm organization.

3.48 GLEB is, in part, a development bank that provides long term financial and non-financial resources to medium sized firms, particularly to firms with sector wide restructuring potential. As a development bank, GLEB not only screens investments, it also promotes discussion to identify the challenges and opportunities facing an industry and to articulate a sector strategy. Equally important, investments are followed with the non-financial resources required to transform firms organizationally and develop the sector strategy.

3.49 But at the same time, GLEB investments are less constrained by the pressures of short-run profitability. Restructuring takes time and budgeted losses are acceptable to establish the foundations for long term profitability.

## **Identifying strategic leverage points**

### **The modern furniture sub-sector**

3.50 Successful furniture regions of the world always include design-led firms which influence product innovation in other firms. By investing in design-led firms, GLEB could give breathing space for long term investment in product development and thereby seek to escape the domination of the discount price retailers. Design-led, speciality furniture production enhances the demand for skilled labour, quality jobs and designer/shopfloor consultation which in turn, breaks down the inflexibility of mental/manual and management/worker divisions characteristic of high volume, standardized technologies and price-led strategies. And, by developing design orientated products

GLEB can promote specialization and beneficial interdependency amongst furniture manufacturers to increase the opportunities for long term employment as well as productive investments. Finally, growing employment opportunities offer the best environment for breaking down shop floor discrimination and enhancing the economic position of ethnic minorities, women and people with disabilities within the industry.

3.51 It is also important to challenge the market power of discount retailers by breaking their exclusive link to consumers. This requires reversing the dependence of product design on the discount retailers. Current retailers develop new products for the assembly line and then attempt to create a market for them. Instead, design-led firms will look to emerging social needs and attempt to develop suitable furniture. For example shared cooking in a family can erode the traditional separation between living room and kitchen and affect the demand for furniture.

3.52 MFI responded to the lack of low cost furniture in the UK with a product that is low in quality, durability and individuality. Better quality furniture must be more responsive to presently unmet needs. It is precisely in these areas that European furniture is today invading the UK market place. Meeting the import challenge requires the development of creative, commercially oriented design. London has a potentially abundant source of such capabilities, but hitherto they have been severely underutilised in the furniture industry. Investment in design, especially in the early stages, has benefits beyond the immediate firm in that new furniture ideas can be easily copied by others who did not share in the expense of their development. For this reason it is critical that GLEB support design-led furniture firms in the early stages of these new developments. That good design is commercially viable in the long run as has been demonstrated in Sweden and Italy. Fortunately some department store retailers including John Lewis, House of Fraser, Perrings and Selfridges are increasingly seeking good design in furniture to counteract the discount retailers and the threat of IKEA.

3.53 After discussions with all firms in the sub-sector, Walter Howard Designs was selected as the most promising investment vehicle for pursuing GLEB objectives.

3.54 Walter Howard Designs (WHD) is an Edmonton panel producer with an annual turnover of £5 million and 97 employees. It has an international reputation for productive efficiency. The traditional market served by WHD is being attacked and the company is faced with retrenchment or changing its markets. WHD can, however, become the nucleus of sector wide restructuring and become a model of design led restructuring and a central design resource with product development spin-offs to other firms.

3.55 Perhaps most important for GLEB's furniture industry overall sector strategy is the role that WHD can play in promoting production modernisation. WHD is alone amongst London furniture makers in its utilization of flow line production techniques. Whilst all furniture manufacture may not need such techniques, it is important that one firm in London be equal to German

competitors at their strongest point and able to share this expertise with other London producers.

3.56 As a result of GLEB's investment, WHD has employed a leading furniture designer and, jointly with GLEB, commissioned a leading market research firm to examine trends in furniture purchases with the aim of anticipating product developments. In the meantime, it is able to rely on existing products whilst paying wages which average 10-15% above the London norm.

### **The reproduction furniture sub-sector**

3.57 Most reproduction furniture is produced in dozens of small East End workshops and the rest in eight medium sized firms, Robert Blake (£1 million turnover, 70 employees), N. Norman (£1 million turnover, 50 employees), Rosjohn (£700,000 turnover, 40 employees), Shah of London (£1 million turnover, 60 employees) and those with between 30 and 40 employees (Le Prie, Epstein, D.F. Webber and Harrison and Heritage). The industry is fragmented without any form of extra-firm organization. While reproduction furniture accounts for a majority of UK furniture exports, the London firms all lack international marketing capability.

3.58 A second constraint has limited the development of London's reproduction furniture industry: the problem of quality control on veneering and polishing. Foreign buyers demand a well earned and trusted reputation when placing orders for reproduction furniture to avoid the potentially disastrous costs of packing up and returning a load of cracked veneer furniture. As a consequence the whole industry is set back each time a careless or unscrupulous firm sells furniture which is susceptible to cracking and splitting, because it erodes the trust upon which the market depends.

3.59 Survival, let alone regeneration, of the London reproduction furniture sector will depend upon three factors. First, it requires linking a centralized international marketing organization to decentralized producing plants. But given the costs and expertise required for international marketing it is unlikely that the small firms will or should each commit resources to such an undertaking. In the past major firms have hesitated to participate in a pure marketing venture mainly because of ineffective quality control, delivery failures by small firms and lack of trust by the major firms in the sales ability of the marketing agents.

3.60 The second factor that must be created is trust in the quality and service of London reproduction furniture. Neither is an insurmountable obstacle. Bevan Funnell, Arthur Brett and N. Norman all have solved the veneer cracking problem and sell repeat orders in international markets. The lack of dependability in service is due mainly to the disorganization of the reproduction furniture suppliers and the volatility of demand from existing retailers. In short it is a consequence of a lack of ordered, dependable buying



patterns around which reproduction furniture suppliers can schedule their production.

3.61 Third, reproduction furniture production must be rationalized in that each firm currently produces too many products. Even the medium size London firms commonly offer between 80 and 250 products. This necessarily increases costs and is compounded by the fact that few retailers will stock more than a dozen items from any one manufacturer.

3.62 GLEB's investment in the reproduction furniture firm Family Tree Limited (FTL) is designed to act as a catalyst for modernising the reproduction furniture sector by creating a firm that addresses the initial weaknesses in the sector. The FTL concept involves first, linking a centralised international marketing organisation to decentralized production units; second, creating ordered and dependably buying patterns to which wholesale suppliers to FTL could schedule their production for final polishing at FTL and thus enhance quality control and service in the sector as a whole and third, rationalising product lines in the sector by encouraging product specialization amongst supplying firms. FTL would produce approximately 50 per cent of total output, mainly to ensure accurate costings without which a pure marketing organization is vulnerable.

### **The way forward**

3.63 In the case of both WHD and FTL the development process is now under way. GLEB's director nominees have assumed an active role in ensuring that management accounts are modernised and a new marketing strategy, new product development and enterprise planning initiated. The transformation of predominantly family firms to professionally managed enterprises and traditional work organization to a system of worker participation requires patience and perseverance. Yet, the competitive market pressures confronting the firm cannot be suspended while these crucial organizational and attitudinal changes are carried out. At the present time both WHD and FTL are in this developmental/transformational stage.

3.64 The implementation of the sector strategy involves gaining support for enterprise planning with FTAT and pressing for its inclusion into the agenda at the national negotiation level. Effective enterprise planning requires also the development of shadow financial planning by FTAT of all firms in the industry. Given the obstacles to growth amongst furniture firms and the price ceiling imposed by foreign competition on domestic manufacturers, FTAT's future depends, in part, on pursuing alternative economic planning of the types outlined by GLEB. Without it, both their wages and job security are at the mercy of managements pursuing cost-cutting strategies.

3.65 Sector development is presently proceeding along these lines and GLEB is also pursuing the infrastructural investments as well. Furthermore, the act of investment has increased the credibility of GLEB within the furniture industry

and led to many firms contemplating and proposing long term investment proposals. Clearly sector development is a long term process, but the first fruits are being harvested.

---

## Proposals for action

---

1. GLEB will develop the furniture firms in which it has a shareholding. To act as a catalyst for restructuring the industry, these firms must develop the organisational capabilities to co-ordinate production and marketing, to plan strategically and to adapt to changes in demand with flexible production.
2. GLEB will promote inter-firm co-operation. Inter-firm co-operation is needed to facilitate co-ordination capabilities and prevent excess capacity and cut-throat competition. Examples of successful institutions elsewhere are marketing boards used by Italian furniture companies and powerful trade associations by French and German Furniture makers. The lack of such inter-firm organisations in London presents an opportunity for local government initiatives to play a co-ordinating role.
3. GLEB will promote the integration of design with production. For London furniture firms to break out of the subordinate relationship to retailers they must regain power over product. This begins with independent market research geared to anticipating market trends and to guide product development.
4. GLEB is investigating creating a design network. This would be an innovative institutional means for promoting inter-firm co-ordination. The availability for such a network of designers attuned to recent developments in technology and product and the sector strategy approach, could offer an attractive opportunity for participation by London manufacturers.
5. The GLEB will act to expand enterprise planning. Starting with firms in which GLEB has a shareholding, we will seek to demonstrate the productivity

gains via enhanced flexibility and greater use of worker skills that flow from increasing worker participation in production decisions.

---

6. GLEB will promote training by drawing upon educational facilities in London. The London College of Furniture and Kingston Polytechnic offer training facilities which can be enhanced by ties to GLEB's technology networks, FTAT and firms.

---

7. As a means of securing job security GLEB in partnership with FTAT can democratize financial expertise and enhance the planning capability of groups of workers, both production and staff, and thereby the means to seek finance, investment and organisational alternatives. Besides GLEB, the London Capital Development Fund can provide share capital for long term investments based upon sound development plans.

---

8. The GLEB will promote strategic planning within the industry. This could be institutionalised into a London Furniture Renewal Commission composed of representatives of management, FTAT, the London College of Furniture, the Furniture Industrial Research Association and GLEB. Such a Commission would seek to promote inter-firm modes of co-operation and development such as a market research, common showrooms and exhibitions, the design network, shared marketing, technology, etc.

---

9. The GLEB, together with the GLC, will promote long range planned development of retailing outlets in London. Since IKEA, Marks and Spencer, MFI, Harris Queensway and the Co-op for example, are all considering locating megastores in London, they must apply for planning permission for offices to the GLC and the London boroughs. GLEB may have leverage over buying decisions of such retailers.

---

10. The GLEB will develop sector strategies for sectors related to domestic furniture. Examples include office and contract furniture, shopfitting and furniture for use by disabled people. Investments at strategic leverage points can then be undertaken.

---

Sources

Furniture Industry Research Association, *Statistical Digest*, 1972-3 and 1982.

Peter Hall, *The Industries of London* 1962.

Jane Jacobs, *Cities and the Wealth of Nations* 1984.

Alfred Marshall, *Principles of Economics*, 8th Edition, 1920.

J.L. Oliver, *The Development and Structure of the Furniture Industry*, 1976.

Michael Piore and Charles Sabel, *The Great Divide*, 1984.

D.H. Smith, *The Industries of Greater London*, 1933.

**Section One:  
CONSUMPTION**

**4.  
The clothing  
industry**

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

*Asian clothing worker  
in a garment factory in  
Whitechapel. The  
industry contains some  
of the worst conditions  
of employment found in  
London.*

Photo: Neil Martinson.

# The clothing industry

## Summary

1. Left to the market, the great majority of the London clothing industry has sunk into a mire of inefficiency, low productivity and sweating. The industry depends mainly on women workers and members of ethnic minorities, many employed as homeworkers. Wages are low, conditions poor, work insecure and many working practices illegal. The clothing employers themselves are squeezed by the retailers and the chains of intermediaries who contract work to them. The first effects of the recession were to reduce prices and wages further, but there are now some trends in the market that could enable an upgrading of clothing production in London.

2. The policy of the GLC and GLEB in the clothing industry has two closely connected aspects: intervention into production, and support for clothing workers in organising for their rights.

(a) Public sector intervention is desperately needed. The trends in the industry towards shorter runs of garments, towards greater design content, and for British retailers to use producers in this country, have given opportunities for London clothing producers to improve their commercial viability and stabilise their production, but without public sector involvement most of these opportunities are unlikely to be taken up. The GLC and GLEB therefore intend to invest in a small number of producer firms and in designer 'manufacturers' to show what can be done to increase efficiency and improve conditions of employment. We will also support centres which give help to a larger number of clothing firms to improve their marketing, design, production and overall management, while ensuring that these improvements benefit the workforce within these firms.

(b) The GLC is taking particular steps to ensure that aid or trade given to clothing firms leads to benefits that are shared by the workforce. In addition, resources will be provided to help workers throughout the London clothing industry — particularly homeworkers — to obtain their legal rights and to strengthen their collective organisation and to combat sexual and racial divisions in the workforce.

## London clothing jobs: exploitation and insecurity

4.01 In October 1983 five people working in a clothing factory in Whitechapel died in a fire; they were unable to escape because the fire exit had been blocked. The conditions that existed in this factory were unfortunately far from exceptional in the London clothing industry. The industry contains some of the worst conditions of employment to be found in the capital.

4.02 The great majority of clothing workers in London work either in small factories or within their own homes. The factories are for the most part in old and badly-maintained buildings, often poorly lit, with cramped workspace and primitive toilet and washing facilities. Safety regulations are often flouted.

4.03 Wages in the industry are low even by comparison with other industries predominantly employing women. The average wages even in officially registered jobs are well below the average for industry. But even these figures hide the reality of extreme low pay and exploitation. Many jobs — and these tend to be the worst paid — are not officially registered. Workers within the same firm doing identical work are frequently paid different wages, sometimes on the basis of supposed skill or speed, sometimes on the basis of race or favouritism. Some Asian workers in the East End are reported to be paid 50p per hour. A high proportion of work in factories, as well as all the work done by homeworkers, is done on piece rates. This again often leads to very low hourly earnings. Work in some factories is organised on a 'gang' system, with the leader of each group of workers paid on contract basis for work done. Benefits are either poor or, more often, non-existent.

4.04 Low wages are 'justified' on the basis that operating a sewing machine is not skilled work. In reality, even the simplest machinery requires training and practice, and most work done by machinists is highly skilled. Like so much

Table 1: Low pay in the clothing industry

<i>% earning less than</i>	<i>£60</i>	<i>£80 per week</i>
female clothing workers	44%	83%
all female manual workers	27%	66%
<i>% earning less than</i>	<i>£85</i>	<i>£100 per week</i>
male clothing workers	35%	61%
all male manual workers	15%	32%

Source: New Earnings Survey, April 1981.

Note that these figures exclude the lowest paid, those under 18 and workers who are not officially registered.



paid skilled work done by women, this skill can be conveniently downplayed because it is often partly learnt and used by women within the home: just as housework is not 'real work', home-learnt skills are not 'real skills'. In 1984, women sewing machinists at Fords were on strike to gain recognition of their work as skilled work.

4.05 Many women workers in clothing factories work part-time because of responsibilities in the home. But many women also work much longer than a 40 hour week. For both factory employees and homeworkers this is often necessary to make a sufficient weekly wage; many factory workers are compelled to work compulsory overtime. The pace and intensity of work is often exhausting; this may be imposed by management, or self-imposed in work on piece rates.

4.06 The typical position of London clothing workers is one of pervasive insecurity. It is likely that as much as a half of all jobs in London industry are not officially registered. This gives the benefit to the employee of being able to avoid tax, and to some homeworkers of avoiding landlords' conditions or planning restrictions. Many other workers cannot be registered because of their (actual or supposed) status as unauthorised workers. But this is offset by many disadvantages to the worker of non-registration, which are also advantages to the employer. The employer pays no tax or insurance contributions; the wage rates are not subject to Wage Council regulations; no notice need be given of redundancies and no redundancy pay need be paid; and the financial gains of each particular worker of non-payment of tax are cancelled by the general lowering of wage rates that non-taxation enables. The availability of employment tends to be subject to the anarchic distribution of work between the numerous small firms, and non-registration makes it easier for the employers to hire and fire at will. Employers frequently impose compulsory overtime to meet deadlines for orders; workers are laid off when work is not available. Absence for sickness may mean the sack. Many workers are employed only during the peak autumn and spring season. A very frequent practice is for a firm to close without warning to avoid creditors and then open again soon after with the same management and often in the same premises. One group of workers in the East End has been employed by the same employer under eight different names in five years.

4.07 The workforce is divided by race and sex. Very few women work in the better paid manual jobs such as cutting, or as managers. The access of workers from ethnic minorities to jobs is to a large extent dependent on employers from the same minority. Since there is a hierarchy of firms, with those headed by groups of more recent immigration at the bottom, this tends to produce a racial hierarchy among workers, which is exacerbated by direct discrimination.

4.08 In most cases workers have no option but to accept these conditions. Unregistered workers, whether in the factory or the home, cannot appeal either to state regulation, or to national agreements, or to union pressure. Even for registered factory workers the basis for achieving some minimum security — union organisation — is extremely difficult. In 1981 union members in London made up only 10% of registered workers, compared with 34%

nationally; if unregistered workers are included, the unionised proportion would be nearer 5%.

4.09 For registered workers, the Wages Council is responsible for ensuring that the statutory minimum terms and conditions of employment are observed. However, there are insufficient staff to keep the lists of firms up to date, something which is particularly significant in an industry with a proliferation of small firms with an 'easy in, easy out' philosophy and with little or no keeping of records. The scale of violation of wages legislation is indicated by the fact that the past decade has seen a rise in the number of substantiated cases of underpayment from 25% to 33% in those establishments visited. But the Wages Council is unable to have an impact on this. Even in theory the inspection rate for establishments is set at a minimum of one visit every 10 years. In reality, the inspection rate in clothing manufacturing has fallen to one visit every 14 years.

4.10 These are not the conditions of a peripheral industry or one which is on the point of disappearing. Clothing has been, and remains, one of the principal industries of London. In 1981 there were 29,000 registered workers in the industry; the real total is probably around 60,000, or perhaps 7% to 8% of all manufacturing employment in London. But these figures do not sufficiently suggest the importance of the industry to particular groups of workers. Among registered clothing workers, nearly half are from ethnic minorities and 60% are women; the proportion of both groups amongst the unregistered workforce is certainly still higher. The industry is also of particular importance in providing jobs in north east London: even counting only registered employment, 42% of women's manufacturing jobs in Tower Hamlets, Hackney and Islington are clothing jobs. The generally appalling conditions of the industry therefore hit hardest groups of workers who are particularly disadvantaged in the labour market — members of ethnic minorities, women, and workers in the high unemployment area of inner north and east London.

4.11 Much of this workforce is not organised in factories. The industry is heavily dependent on homeworkers; in London, these are mainly from immigrant communities, particularly from Cyprus and Bangladesh. They are spared the oppressive conditions of the factory but the isolated intensity of their work combined with the inescapable physical afflictions of their trade can be equally nerve-shattering. Frequently, the women work in the kitchen, machining, pressing, cooking, minding their children till all hours of the night. There are no physical or time boundaries between work and non-work. Work is always there.

4.12 For many immigrant women, the possibility of working at home allows domestic responsibilities to be undertaken whilst conforming with cultural and religious taboos and inhibitions against externally located work — quite apart from the sexism and racism that is inevitably confronted outside the home. As individuals, there are other distinct advantages conferred by the 'invisibility' of unregistered work. The recent changes to the immigration and nationality laws left a wake of uncertainty in their trail, even to the professionals, and have had the effect of attaching the suspicion of illegality to all non-British residents. In

the aftermath of passport raids and snoop squads, a reflex fear of the law has been created and it has been met by immigrants withdrawing into the strength of their communities. It is better to be safe than sorry — cases of arbitrary deportations, even of those of high social status compared with a lowly garment worker, are all too widely publicised. So the denial of security as residents further robs immigrants of their status as legal workers which, in turn, consolidates their illegal position in the labour market and further deprives them of the employment benefits of the welfare state.

4.13 Equally important, many immigrant workers, and not just homeworkers, do not see themselves as being exploited. The 'employer' might well be a relative or someone well-known to them from 'back home'. Since the employer is usually in a financial squeeze, depending in a subordinate position on the so-called 'manufacturer' for orders and materials, there is much room for sympathetic identification with the employer quite apart from community loyalty.

4.14 For many immigrant women, homework is seen as the source of flexibility — to look after children, avoid racism and sexism, to satisfy religious and cultural imperatives. The reality is that society is inflexible in forcing the inferior status of women and immigrants upon these workers, an oppression compounded by the very conditions of work and pay that are the reward for their flexibility.

## The organisation of the industry

4.15 To see how these conditions arise, we need to look beyond London itself. The clothing industry is an international industry: in women's wear, in which London specialises, imports account for 25% of UK consumption and exports for 17% of domestic production; many British manufacturers have foreign production facilities, and retailers have organised sub-contracting systems overseas.

4.16 The international industry has two key organising principles: very easy movement of capital and labour into and out of *production*; and a dominant, co-ordinating role played by *retailers and wholesalers*.

4.17 Production of clothing remains centred around the hundred-year-old technology of the sewing machine; this labour-intensive stage accounts for as much as 80% of the labour needed to produce a garment. Cutting machines have replaced hand cutting for long runs of garments. More recently, the microprocessor has had a major impact on the pre-sewing stage of production, with computer-aided design and layout and sizing of the pattern, and computer control of cutting; the chip has also enabled important improvements in speed and versatility of the sewing machine. But the industry as a whole remains labour intensive. Relatively little capital is necessary to set up as a producer, both because the machinery is cheap and because for many types of clothing large scale production does not have many cost advantages over small.

A premium is put on obtaining low wage labour; this is relatively easy to obtain, in spite of the skilled nature of all stages of clothing production, because many women throughout the world, and especially in poorer countries, learn sewing skills within the home. The geographical mobility of the industry is further enhanced by the fact that the main raw material and the product itself are both cheap to transport. Thus, compared with most manufactured goods, the clothing industry has unrestricted international markets in capital, labour and goods: clothing production can take off or expand in many countries of the world, both advanced and Third World.

4.18 The tendency, then, is for producing firms to be subject to fierce price competition, and to deal with this by using highly competitive labour markets. But the international markets are not quite as 'perfect' as this simple picture would imply. The reason is that, for some, clothing quality is important, in the sense both of objective attributes like durability and the subjective attribute of fashion. This means that low costs of labour and other inputs are not the only competitive element in the industry: quality of design, links between designers and producers, quality control within production, and a labour force experienced in doing work to a certain standard, can also be important. These factors tend to benefit traditional centres of the industry and centres of design and marketing, which is to say, the economically advanced countries. Thus, while there has been a relative shift in the share of world clothing production and exports from the advanced capitalist countries to the Third World over the last two decades, this shift has never threatened to destroy completely the industry in the richer countries. Half of clothing imports to the UK comes from advanced capitalist countries — a third from the EEC.

4.19 While most production of clothing is carried out in small or medium firms, distribution — retailing and wholesaling — is dominated by medium and large firms. In Britain, this is particularly so, with the dominance of retailing by a small number of major national chains and mail order houses. In contrast to production, in the distribution stage a large amount of capital is needed to purchase stock (and sometimes cloth to be made up); large chains of shops, embodying a particular well-known style or image, have considerable advantages over small independent retailers. Moreover, particularly in women's wear, wholesalers and retailers usually carry out and control design (wholesalers who carry out design and commission production being known as 'manufacturers'). Since design is one of the crucial means of differentiation of a garment in the market place, the extra profits that accrue from offering a successful line or 'look' are largely appropriated by the distribution firms rather than the producers.

4.20 It is therefore the distributors, rather than the producers, who dominate the industry. The distributors are able to use the industry's production conditions to their own ends. Again, this is particularly true in women's clothing. The transitory fashion content of much women's wear means that production runs of each garment tend to be shorter than in men's wear, and their marketing riskier. The distribution firms have traditionally dealt with this problem by not manufacturing clothes themselves (in contrast to the practice in

men's wear) and by deliberately commissioning production from a large number of producing firms. This pushes down the problems of dealing with short and uncertain production runs onto the producers. This strategy also has the advantage for the distribution firms of allowing orders to be switched between firms with different characteristics according to fluctuations in demand — for example between blouse and coat producers, between up- and down-market firms, and between producers in high and low wage countries. The rise of imports to the UK from the Third World during the seventies was actively organised by the distribution firms, particularly as a way of catering for and developing the expanding demand for casual, relatively standardised clothes at minimum cost.

4.21 It is significant that, as men's wear has become more fashion oriented, the major men's wear retailers like Burtons are increasingly following the practice of women's wear retailers and withdrawing from manufacturing. Thus, although the production of clothing appears to operate through 'free', unrestricted markets, these markets are actively shaped by the few distribution firms which dominate the industry. But the two systems do not originate separately: the organised power of the distribution firms is an outgrowth of the disorganised market. Thus, the 'invisible hand' of the market has produced the visible hand of the retailers and wholesalers.

## **The London industry: no future but sweatshops?**

4.22 The London clothing industry shows the specific characteristics of the industry in their most extreme form: a proliferation of small, unstable and sharply competitive firms. During the first half of this century large clothing factories emerged in London, carrying out relatively long runs of garments catering to an expanding mass market. Since the Second World War, however, virtually all standardised large scale production has shifted from London to other parts of the country and abroad, in order to make use of cheaper and more readily available labour and cheaper premises. Only the production most tightly bound to the London market has remained: short runs, especially of fashion garments and of women's wear. London production has become concentrated into filling fluctuations in the market — fluctuations of fashion, or shortfalls of supply of fast selling lines. It is polarised between up-market and down-market goods; most of the clothes produced are ultimately sold in boutiques and small retail chains (both up- and down-market), department stores and street markets, with only a minority going to the major middle-market retail chains.

4.23 Because the most unstable part of the market is being served, production is organised through an extremely complicated and 'flexible' system of sub-contracting. A larger than average proportion of London's production is designed and commissioned by 'manufacturers', rather than directly by retailers; it is then contracted, sometimes via intermediaries, to the producers who carry out 'cut, make and trim' (CMT) with the cloth supplied to them;

stages or parts of this production can be further sub-contracted; and much of the sewing and finishing is contracted out to 'self-employed' homeworkers.

4.24 It is estimated that there are 3,000 firms producing clothing in London, of which only 35-40 employ more than 50 people in their factory. This sub-contracting system determines the character of London clothing firms. It is impossible for CMT firms to plan their development when orders are uncertain from season to season or, in many cases, week to week. The position of the firms doing only simple sewing operations ('shell makers') and of homeworkers is even worse. This militates against any kind of long term investment, whether in production equipment and premises, in design and marketing (where this is carried out at all), in hiring qualified management, or in training operatives. It is not surprising, then, that the London industry is extremely backward in these respects compared with the industry in other parts of the country. Machinery is old and factories not only decrepit but badly laid out; management is poor in almost every respect — production scheduling, quality control, finance, marketing, personnel; training is informal where it is done at all. Both training and union organisation used to be centred in the large factories, and have been drastically weakened by their demise.

4.25 These weaknesses, in turn, limit the markets available to London firms, and this has caused further deterioration of the productive structure. The increasingly important chain retailers have been reluctant to use London producers because of their lack of quality control. As a result, production has tended to go down-market, apart from the up-market fashion sector where production has remained strongly linked to London because of the need for very close contact with designers and for bespoke production. But down-market the London industry has encountered particularly fierce price competition, which the advantage of quick turnaround time given by its location has only partly offset. This has put a downward pressure on wages. Consequently, thousands of experienced workers have gone to work in other industries; together with the decline in training, this has resulted in a chronic shortage of skilled labour. This shortage was only partly offset by the use of ethnic minority workers, especially Cypriots and Bangladeshis, who have few job alternatives. Employers have been able to use the fact that a high proportion of women from these countries have sewing skills learnt in the home. But lack of training and other forms of investment have cumulatively sapped the ability of the London industry to compete on anything but price and speed of turnaround. The industry has reverted to its sweatshop structure of a hundred years ago.

4.26 The last decade has therefore seen increasingly sharp down-market competition with Third World producers in all but the shortest turnaround work; prices for many garments have been static in money terms. Coupled with the almost complete disappearance of the remaining large scale production, this has produced the sharpest decline of employment of any major London industry (at least when unregistered employment is excluded). In the eight years to 1981, over a half (55%) of registered employment was lost. In the attempt to cut costs some registered workers were probably replaced by (cheaper) homeworkers. (See chapter 17 on Homeworking.)

4.27 The London industry may have tremendous problems, but it is not about to collapse altogether. Since 1979, high unemployment has made recruitment much easier for firms and made it easier to cut wage levels. Piece rates for many workers were cut by as much as 40% between 1979 and 1981. The market for cheap clothing has been particularly badly hit since 1979, but it will remain. London retailers and 'manufacturers' still need to source some of their production close to home, and, though other convenient sources may emerge — such as the new sweated clothing industry in the Asian community in the West Midlands — London will certainly hold a large part of this market. On this path, the industry will survive, albeit perhaps decreased in size, and the conditions described at the beginning of this chapter will worsen.

4.28 However, there are some other, brighter possibilities. The gradual stagnation of the economy over the last 15 odd years, and the sharp recession since 1979, have weakened growth in the demand for clothing and hit the output of the London industry. But some side effects of this stagnation have begun to change the clothing market in ways that could benefit the London industry. These changes are:

- (a) *Increased demand for quality garments.* This is partly a shift in the whole spectrum of clothing consumption up-market, due to widening income differentials and also to the decreasing proportion of teenagers in the population. Partly it reflects consumer demand for greater durability of clothing at a time of austerity.
- (b) *An increased fashion input.* The major retail chains are increasingly attempting to deal with the increasing competitive market by using distinct styling; the highly successful Next chain is a prominent example. Moreover, as in other consumer goods and cultural products, fashion has become more diverse — there is no longer one fashion at a time, but a plethora of styles. Since 1980, especially, runs of each garment have tended to be much smaller than before.
- (c) *Increased ordering of clothing from UK producers by distribution firms.* This is partly as a result of the shift to better quality — it is easier to check in advance on the quality of production in domestic producers. Partly it is a response to the greater volatility of the market and fashion differentiation — it is easier to source these short, uncertain orders from close to home. Partly it results from financial measures taken by the distribution firms to increase their profitability. They have tried to reduce the capital they have tied up in goods and materials being shipped; and they have reduced their stocks, and thus required more quick-turnaround sources to fill in shortages.

4.29 These trends tend to increase the potential output of the UK industry, though at the expense, particularly, of Third World producers. Within the UK London industry may also have some advantages over out-of-London firms in picking up the shortest turnaround orders, in particular, by virtue of its location and of its traditional specialisation in short runs and fashion garments. We examine below how this potential might be developed and how this could improve employment conditions.

## The role of the GLC and GLEB

4.30 The sweatshop, whether in London or the Third World, is such a well-known feature of the clothing industry that there is a tendency for people to regard it as inevitable. But there is no inherent reason why the production of clothing should involve such conditions. There are no physical characteristics of clothing production which prevent it being produced in pleasant surroundings, for reasonable pay, and with work arrangements which the workers themselves have had a part in determining.

4.31 There is obviously a massive gap between the world clothing industry as it is now, dominated by the market and the planning of the large distribution and production firms, and an industry providing reasonable conditions and the possibility of effective trade unionism; there is an even greater distance from an industry run and planned by its workers. But the latter is the direction in which we need to go, and the prime task of local authority intervention into the industry should be to help strengthen the security and bargaining position of its workers. This is important to the ethnic minority communities whose members predominate in the industry, as well as for the industry's workers themselves, since the clothing industry plays a large role in determining the conditions under which all members of those communities, especially women, are employed.

4.32 There are various ways in which such objectives could be achieved. Some of these have already been embarked upon by the GLC and GLEB, others by some of the London boroughs.

### 1. Support for workers' organisation

4.33 We have seen the enormous difficulties faced by London clothing workers in organising. Local authorities can directly support organisation by temporarily funding union officers (as is being done by some London boroughs) or support workers to work closely with the union; increased dues will then hopefully allow these posts to be financed by the union itself. This support can be particularly valuable for organisation among ethnic minority workers; close collaboration with community organisations is vital here, since these are often the main form of support for ethnic minority workers. Given the predominance of white men among the union officers, it is important for priority to be given to appointing women and members of the relevant ethnic minorities as support workers.

4.34 An important aspect of this support work is, in collaboration with the workers involved, to ensure that clothing firms receiving aid from local authorities or trading with them adhere to conditions of good practice: without specific resources for monitoring such conditions may be meaningless. Local authorities can play an important part in helping to inform homeworkers of their rights (see chapter 17 on Homeworking). Homeworking co-operatives can also be supported; these can enable homeworkers both to improve their



position in the market, for example, by upgrading of skills, and also to organise childcare and fight for the co-operators' legal rights.

## **2. Purchasing and letting policy**

4.35 The public sector purchases a large amount of clothing. The GLC purchasing department buys £0.6 million of clothing annually and £2.3 million of sewn fabrics in the form of curtains and soft furnishings. This purchasing power can be used to push for better conditions in the industry, by making sure that suppliers comply with their legal requirements. This will be done most effectively in collaboration with other public authorities which purchase clothing and with the industry's unions. There is the potential for this to grow to encompass the purchasing policy of firms that can be influenced by the trade union movement. It could also be developed into a 'buy good employer' campaign among individual consumers. The GLC is also taking steps to ensure that clothing firms which are tenants in its factories provide legal and reasonable conditions of employment.

4.36 Linking local authority purchasing power to good employment conditions can be done most effectively by municipal production, where the local authority can directly control production and job conditions. The GLC is investigating the setting up of its own facilities for the sewing of soft furnishings and curtains.

## **3. Upgrading production**

4.37 We have seen how some current trends in the clothing market and in production techniques could potentially benefit London clothing firms. But large changes are needed if this potential is to be realised. Managements need to bring their practice up to what is the norm for most of the industry outside London, in the areas of production scheduling, layout of production, quality control, financial management and training. To a large extent this is a matter of changing management practices. The scale of fixed investment need not be great. Probably the most useful machinery would be aids to coordination rather than in production proper: microcomputer based systems for stock control, production scheduling, payroll, ordering and financial management, and for linking these together. These systems are particularly appropriate for managing small, diverse and short turnaround work such as is done by the London industry. Their appropriateness for this work means, in fact, that larger and more dynamic firms outside London are likely to begin using them for this purpose, and thus to start to compete in markets where London has previously had an edge. This underlines the importance of London firms improving their management practices.

4.38 Some microprocessor-based production equipment may also be appropriate for London firms: computer-aided design, pattern making and cutting equipment, while relatively expensive, could be used by small London

firms on a bureau basis; advanced sewing machines could also be appropriate for more elaborate types of work. These technologies can improve quality of production, a particular weakness of the industry at the moment.

4.39 There are particular opportunities for London firms to respond to the new importance of design. London is a world centre of training in clothing design and of *haute couture*. CMT firms, particularly, can improve their position in the market by developing some design capacity, which can be used to collaborate with retailers' design departments or to produce the firm's own range of garments. Both production changes and greater design input can allow the firm to differentiate itself from the mass and thus obtain higher margins.

4.40 In firms where these kinds of changes are made, and which are therefore able to take advantage of increased demand for short run, quick turnaround quality work, there is the *potential* for improvements in the conditions of work. If the firm has higher margins it may pay better wages; if it has steadier work it may provide steadier employment; if quality of production is important management may need to treat employees in a less casual fashion and to provide proper training. A 'quality' strategy for firms may therefore be able to provide improved employment conditions. This is a reason for local authorities to back this kind of change. It is true that these better jobs would probably emerge somewhere in Britain (or Europe) if they did not do so in London: the capacities of the London industry are not going to determine whether or not the new form of demand is met. But a reason for encouraging this type of production *in London* is that labour here is particularly disadvantaged compared with clothing workers in other parts of the country. Increasing the competitiveness and quality of production of some London firms may be a way of re-establishing a solid base for labour organisation in the London industry.

4.41 The urgent needs of workers in the industry effectively outweigh any considerations of the nature of the garments being produced. This is anyway a rather contradictory issue. To the extent that change enables better quality of production without large increase in costs, this is of genuine benefit to consumers. To the extent that it enables retailers to alter fashions more rapidly and to promote arbitrary styles, the benefits are more doubtful.

4.42 It is certain that many London clothing firms do not have the capacity to adopt a 'quality' strategy. Many clothing entrepreneurs can survive by continuing to produce low quality, cheap clothing using casualised sweated labour. But a few London firms are already making the type of changes we have discussed, and more undoubtedly could follow. Local authorities can encourage this process in a number of ways:

- (a) First, by funding organisations, like the Hackney Fashion Centre, which provides various types of non-financial support to firms for the transition to better quality production; initiating links between designers and producers and between retailers and producers; providing advice on production and financial management; and possibly providing facilities for the stages of production up to cutting on a bureau basis. If these

facilities are provided to firms selectively, they can strengthen firms which have real potential for improvement and which have decent employment practices.

- (b) A second method of intervention is through the provision of funds to firms. The instability of much of the London industry has sometimes made it difficult for even the better firms to borrow from the banks. Funding can be used not only to improve equipment and premises but, just as importantly, to finance the employment of good management, enlarging design capacity and training. Finance is also often necessary as working capital for expansion or for CMT firms to start producing their own lines.

Direct investment in the industry can proceed in a number of ways. One is investment in producers (CMT, or those doing some own-label production). A second is investment in 'manufacturers', especially those with strong in-house design. The latter strategy can develop a public sector involvement in a more pivotal stage of the production process than investment in CMT firms alone. The public sector partnership with the 'manufacturer' can then be linked to investment which upgrades the production of (actual or potential) London contractors used by the manufacturer.

- (c) The first barrier that has been encountered by GLEB in seeking to make these kinds of investment is the unwillingness of most owners of London clothing firms to give any role in the firm to the workforce or the local authority, in many cases because the firm is breaking the law. Another problem is the management abilities of many owner-managers. These two problems alone justify the option of direct ownership of clothing firms by local enterprise boards like GLEB and the setting up of municipal enterprises to serve the needs of the local authorities and other public bodies. GLEB has purchased two large clothing factories, now amalgamated in Bassetts (1983), which had been severely run down by their previous owners. The GLC has been able to buy a proportion of its needs for uniforms and workwear from Bassetts. Such enterprises can show the advantages of public ownership in an industry where this is seldom considered.

#### **4. Conditions on aid to firms**

4.43 In firms where a 'quality' strategy is pursued there is the potential for improvements in the conditions of work, but these are not guaranteed. There are many examples of good quality, well designed products being produced by workers in insecure and exploitative conditions. It is therefore essential that local authority aid, of whatever type, is conditional on firms having or introducing in a short time decent conditions of work and the freedom for employees to organise to press for further improvement. As a minimum, this means that the firm must be operating within the law, and particularly there

must be proper contracts of employment, payment of tax, access by workers to the union, and registration of homeworkers with the local authority. In the case of firms that receive financial aid, these conditions should be extended as far as possible to include providing information on the firm to the employees and involvement in the running of the firm; providing a workplace nursery; and giving homeworkers working for the firm the status of ordinary employees, their overheads costs and costs of machinery paid for by the firm. Given the current practices of the industry, these improvements are likely to be more effective the greater the degree of public control of the enterprise. This is another reason for seeking public ownership of clothing production enterprises.

4.44 These kinds of measures in particular firms obviously fit in closely with the strengthening of workers' organisation throughout the sector discussed in paragraph 4.33 above. They can help to maintain and increase the islands of union organisation in the industry; conversely, the effectiveness of local authorities pushing for improvements in conditions in individual firms is dependent on union organisation across the sector. Stronger organisation of workers can also link in to the production changes discussed in point (3): if employers cannot so easily use sweated labour, they may move towards 'quality' production where such labour is less essential.

4.45 To summarise so far: the aim of the GLC/GLEB intervention, in association with other local authorities, is to establish a core of public control in the industry, using and knitting together publicly-owned enterprises, investment in private companies, services to firms on a selective basis, and public purchasing power. By working closely with the trade union and by attaching conditions to all aid, this control can be used not only to improve the quality of design and production but also to improve employment conditions and the possibilities for workers to organise. The approach, therefore, differs sharply from a strategy of simply attempting to meet the demands of owners and managers of clothing firms.

## 5. Training

4.46 The minimal level of training that is currently carried out in the London clothing industry disadvantages many workers and also makes it more difficult for firms to pursue a 'quality' strategy. Since the 1979 recession, at least, firms have had no difficulty in obtaining machinists with basic skills, but more skilled and experienced workers are harder to recruit. Low wages and poor conditions are often the reason for this, but it also appears that there is now an absolute shortage of skilled workers due to people retiring from or leaving the industry and lack of training over the last twenty-odd years.

4.47 There is therefore a need, not to train people in basic skills (which would simply add to the pool of unemployed), but to increase training which can enhance the skills of workers already in the industry. This is particularly important in firms pursuing a 'quality' strategy. Speed of work may require

each machinist to sew only one part of a garment rather than 'making through' the whole. But even with this division of labour, the training of machinists in the use of a variety of sewing techniques can provide firms with flexibility as well as enabling more varied and interesting work.

4.48 Training can also play a role in overcoming disadvantages faced by particular groups of clothing workers which perpetuate divisions within the workforce. Women have traditionally been excluded from certain better paid areas of the industry such as cutting and managerial positions. Some groups, because they are generally employed in the lowest skill, most cost-competitive work have not been able to develop their skills. They are therefore trapped in this type of work: this is true particularly of homeworkers, and of many Asian workers involved in 'shell making'.

4.49 The GLC is currently working with the London boroughs and the Clothing Industry Training Board to decide the best way in which the local authorities can support training schemes in the industry. For the types of training just discussed, largely in-firm training would seem most appropriate. This would also have the advantage that the benefit of funding for training could be concentrated on progressive firms, and that this funding could be tied to benefits to the workforce as discussed in paragraph 4.43 above. For example, training of homeworkers used by a particular firm could be tied to those homeworkers being given the status of employees. Training should combine instruction in manual skills with information on workers' rights, trade union organisation and, where appropriate, English as a second language.

## **6. Support for Third World workers**

4.50 One of the problems with the strategy outlined here is that, if it were carried through widely in the London and UK industry, it would tend to worsen the existing divide between the industry in the UK (and other advanced countries) and the industry in the Third World. The industry here would carry out high design, high 'value added' work, while the Third World would be restricted to long run, standardised and low quality work. This might tend to strengthen wages and conditions here, but would prevent their improvement in the Third World.

4.51 Local authority intervention into the placing of contracts by retailers and 'manufacturers' could show, albeit on a tiny scale, how this division might be controlled. It is true that the turnaround times for Third World produced goods will tend to be longer (though this depends on the location of the final market). Meeting quality and design specifications set in London is more difficult at a distance, but this can be dealt with by building up long-term working relationships, and by finding markets here for Third World design. The GLC will therefore seek to establish links with good quality, unionised clothing producers in the Third World, particularly through the contacts we are building up in trade arrangements with progressive Third World states. We will attempt to build trading and contracting links for these companies through the public

sector partnerships with 'manufacturers' and through organisations like the Hackney Fashion Centre.

4.52 This policy makes clear that the aim should be not to benefit London or British workers *at the expense of* those elsewhere, but to strengthen enterprises providing good employment conditions at the expense of the bad, wherever they may be. Linking up with progressive Third World producers can give a practical demonstration of the policy of the TUC Textiles and Clothing Group that imports should not simply be restricted but rather made conditional on good employment conditions in the producer country.

## 7. National policy

4.53 Many of the problems raised in this chapter can only be tackled, or only tackled adequately, at a national level. There are three main areas in which action is needed by central government:

- (a) *Increasing democratic control over purchasing of clothing from the producer.* We have seen how the 'commanding heights' of the industry are in distribution rather than production. Progressive policy on purchasing by local authorities, discussed above, can show what could be done by other public sector bodies. But most clothing is sold through retailers, and it is only through policy on the security and price of orders by retailers to producing firms that the security and wages of clothing production workers can be radically improved. The GLC will undertake a review of the contracting policies of the major retailers in order to further the debate on public policy and democratic control in this area.
- (b) *Tighter policing of employment conditions in clothing producers.* Local authorities can show the way in making any aid conditional on reasonable conditions of employment. This should be the case in all forms of government aid to the industry. The Wages Council and the Factory Inspectorate need far greater resources for inspection, and greater penalties for infringements, if they are to be at all effective in the clothing industry. Company law needs tightening up to prevent the closure of a company and its reopening under another name.
- (c) *Measures to end the entrapment of women and members of ethnic minorities in poor, unorganised jobs.* The appalling conditions of the London industry are perpetuated, in part, by the lack of alternative opportunities for the disadvantaged groups who form the majority of the industry's workforce. To change this situation obviously requires a whole range of fundamental social and economic changes. But three issues particularly pertinent to the clothing industry should be mentioned.
  - (i) Women's subordinate and exploited position in the industry cannot be improved without free childcare facilities for all who

need them, requiring a major national commitment to the expansion of these facilities.

- (ii) The operation of the immigration laws ensures that many London clothing workers are unable to press for even their most elementary rights because of their (supposed or actual) status as illegal immigrants. These laws should be repealed.
- (iii) The fragmented structure of the industry and the large amount of sub-contracting means that solidarity action and boycotting of other firms' production are necessary components of effective industrial action. The outlawing of these forms of action by recent legislation therefore needs to be reversed.

4.54 The difficulties of improving the clothing industry in London are undoubtedly enormous, and we do not wish to understate them. The fragmented structure and frequently illegal practices of the industry make extensive direct intervention difficult. The same factors create tremendous barriers to workers themselves organising for improved conditions and to campaigning for, and participating in, public sector intervention into the industry. The dominance of the distributors and the relatively unrestricted markets in capital and labour mean that public intervention can easily be deflected from its intended aim. Unless aid to producers is tied to improving production quality and design, and thus strengthening their position against the distribution, this aid may simply be deflected into larger profits for the hierarchy of intermediaries that connects the producer to the retailer. Unless aid is tied to improvements in the quality of employment in the firm, its effect can be simply to knock out jobs in the firm across the street, up the motorway or on the other side of the world. Unless the workforce and the union are closely involved in the selection of firms for aid or public sector partnership, and continuously involved in the subsequent development of the firm, there are dangers of resurgence of the poor practices of the industry.

4.55 These considerations are not arguments against public sector intervention into the sector. On the contrary, they merely demonstrate that the market and purely private sector control have resulted in an extremely poor quality industry. The problems of intervention into the industry in fact indicate the importance of a strategic approach, one which is geared to effecting demonstrable transformations in the practice of clothing enterprises, increasing the bargaining power of clothing workers, and establishing an area of public control in the industry. Moreover, as we have seen, the current conditions of the international industry offer unprecedentedly good opportunities for changing the London clothing trade, providing public sector intervention of the right type is forthcoming. It would be a tragedy to miss this opportunity.

4.56 It is, by now, well-recognised that the miners have a sound argument for investment and reflation of demand to save their jobs and thus their communities. For the clothing workers of London, it is now not so much a case of saving their communities as giving them a first chance. But this is not a purely economic or industrial task. To overcome the virulent forms of racism,

sexism and wage labour found in the London clothing industry requires wider social change as well.

---

## Proposals for action

---

1. The GLC will finance the Hackney Fashion Centre to install a computer-aided design computer-aided manufacturing system. This will enable clothing producers to modify designs easily, to respond quickly to orders, to increase their design input, and to use cloth more efficiently. It will also be used for training.

---

2. The GLC is funding an officer in the Hackney Fashion Centre to monitor employment conditions in firms receiving aid from the Centre. The officer will help to ensure that aid is given only to firms receiving aid from the Centre. The officer will help to ensure that aid is given only to firms providing reasonable employment conditions and will help management and workers to those firms to improve those conditions.

---

3. GLEB is seeking ways of supporting facilities for textile designers, and of linking clothing design and production more closely to the design of textiles.

---

4. GLEB is seeking to work with progressive clothing 'manufacturers' (who design and commission production) and with progressive producers. As well as providing working capital for expansion, producers will be enabled to improve their production planning, design and training. Such aid will be conditional on firms providing reasonable employment conditions and allowing their workers access to the union.

---

5. GLEB will develop its investment in Bassetts (1983) by expanding its production of workwear for public sector bodies, and by diversifying into fashion wear.

---

6. GLEB will fund a centre for setting up and supporting co-operatives of



clothing industry homeworkers, particularly women from ethnic minority communities.

---

7. A new training scheme for the London clothing industry is being planned by a number of boroughs, the Greater London Training Board and the Industry Training Board. The scheme will aim to begin to fill the vacuum that exists of training that improves skills to the level necessary for the new market opportunities, that helps women and black workers to have access to better jobs in the industry, and that gives workers education in their rights as employees.

---

8. The GLC is funding the Bangladeshi Youth League to employ an officer to help Bengali clothing workers to organise for their rights and for better conditions, working closely with the National Union of Tailors and Garment Workers.

---

9. The GLC is making a priority of monitoring employment conditions in the clothing firms which are tenants of the Council. Officers will monitor adherence to the Council's 'good employer' conditions and help firms to meet these.

---

10. The GLC will investigate the possibility of setting up its own facility for producing soft furnishings and curtains for its own needs and those of other public bodies.

---

11. The GLC will seek to set up links with clothing producers in progressive countries of the Third World who provide good quality, unionised employment, and will seek to increase trade between London firms and these enterprises.

---

12. The GLC, in association with other interested parties, will undertake a review of the contracting practices of the major retailing chains, to develop public policy on the pricing and security of contracts to producers. The Council will discuss with the unions a 'buy good employer' campaign.

---

13. In its contract compliance work, the GLC is making a priority of the clothing sector, in close co-operation with the unions. The Council will seek to ensure that firms supplying clothing to the GLC Supplies Department comply fully with their legal obligations to their employees.

---

---

14. A campaign against the government's threatened abolition of the Clothing Industry Wages Council is being planned together with the boroughs, the union and the Low Pay Unit. This campaign will expose the appalling conditions to be found in the London clothing industry and the need for more rather than less pressure on employers to improve those conditions.

---

15. The GLC is working closely with most of the boroughs where clothing firms are concentrated so as to carry out a coordinated, coherent policy of intervention into the industry. This can enable resources to be used in the most effective way, and can prevent employers who are seeking aid from playing off one local authority against another.

---

16. The GLC is beginning to collaborate with local authorities outside London which are involved in the clothing industry, so as to increase the effectiveness of each. The GLC co-sponsored a conference which took place in March 1985 to plan this collaboration.

---

Sources

- London Boroughs of Hackney and Islington, *Clothing and Footwear Industry Sector Survey*, 1980
- L.J. Newby and P. Pugh, *Clothing Industry in Camden*, 1979
- London Borough of Islington, *Clothing Industry in Islington*, 1982, 1983
- London Borough of Islington, *Trade Union Penetration in the Clothing Industry*, 1983
- ACAS, *Report of an Investigation into the Payment and Production Systems of the Clothing Industry in the London Borough of Hackney*, 1980
- NEDC, *The British Clothing Industry: Prospects and Profits in the 80s*, 1981
- Ben Birnbaum *et al*, *The Clothing Industry in Tower Hamlets*, 1981
- Rebecca Wilkins, *The Problems of Training and Recruitment in Hackney's Clothing Industry*, 1982
- Low Pay Unit, *From Rags to Rags: Low Pay in the Clothing Industry*, 1982
- London Industry and Employment Research Group, *Monitoring Manufacturing Employment Change in London 1976-81: The Implications for Local Economic Policy: Final Report to the Department of the Environment*, Volume 2, 1982
- Wendy Chapkis and Cynthia Enloe, *Of Common Cloth*, 1983
- Swasti Mitter, *Homeworkers in the London Clothing Industry: Report for the GLC*, unpublished, 1984
- M. Wray, *The Women's Outerwear Industry*, 1957
- A. F. Rainnie, 'Combined and uneven development in the clothing industry', *Capital and Class*, 1984
- K. Hoffman, K. and H. Rush, *Microelectronics and Clothing: the Impact of Technological Change on a Global Industry*, 1984
- H. Rush, H. and L. Soete, *Technological Trends and Employment: Basic Consumer Goods*, Volume 1, 1984
- Nottingham Local Economy Project, *State Intervention in the Textiles and Clothing Industry*, unpublished, 1984



**Section One:  
CONSUMPTION**

**5.  
Retailing**

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

*Sainsbury's  
supermarket, Dalston.  
The shopworker's job  
has become routine,  
mechanised, largely  
de-skilled. Nearly half a  
million Londoners work  
in retailing and more  
than a quarter of school  
leavers get their first job  
in a shop.*

Photo: Neil Martinson.

---

# Retailing

---

## Summary

1. Between 1971 and 1980, the volume of trade in London's shops has dropped, in real terms, by 3.6%, reflecting the loss in population in London and a corresponding loss in aggregate personal income (falling from 16% to 14.9% of Britain's total in the five years up to 1979, i.e. before the onset of the current recession). Between 1978 and 1981, 29,000 jobs have disappeared from London's shops. This does not, however, signify a decline in profitability but rather a restructuring of the sector towards an increasing concentration of resources in the hands of a very few large-scale retailers (between them, Sainsbury and Tesco now account for 55% of the packaged grocery trade in London). The changes that these and similar firms have introduced predate the current recession but their effects have been considerably amplified by the deteriorating economic climate. They have had a profound impact on the *distribution* of both jobs and shopping opportunities across London.
2. The trend has been towards larger multi-purpose shopping facilities located away from the high street and designed for access by car rather than by public transport. In inner London, which scores high on any index of deprivation, 59% of households do not own a car. If a new shop is inaccessible to a shopper, it is equally difficult for a potential employee to reach. This means that even where jobs have not been lost through local shop closures but transferred elsewhere, the workers have not always been able to follow. Many Londoners lack mobility; they are trapped in bad housing in areas poorly served by public transport. The closure of local shops in these circumstances can create genuine hardship both for those employed and for those served. The continuing spiral of decay in local London economies presents, therefore, the clearest argument for a comprehensive strategy to tackle the related issues of housing, transport and jobs together. Only a central planning authority can achieve this.
3. The reorganisation of retailing has not only led to a decline and relocation of jobs but to a deterioration in the quality of those jobs that remain. Stripped of personal contacts with an established clientele and the performance of a variety of tasks associated with running smaller shops, the new breed of shop assistants face increased deskilling. This is aggravated by the low status

assigned to such work reflected in low pay and poor conditions of employment.

4. In alterations to the Greater London Development Plan the GLC supported the location of new shopping development in established town centres. It has also, through campaigns with shop workers and their unions, sought to improve their conditions of employment. The GLC hopes to implement proposals for the federation of small shops attached to a large central shop in order to reap the economies of scale and other potential benefits offered by the new technology while preserving access to both goods and jobs on a local basis.



## Job Losses and Future Prospects

5.01 Retailing provides access to the food, clothes, furniture and other goods that all Londoners need. It also provides employment for 450,000 workers in shops and warehouses. Shopwork is the first experience of work for more than a quarter of school leavers.

5.02 It is a sector in which major changes — in location, type of outlet and jobs available — have been and are taking place. It offers a wide range of contradictions and tensions between the interests of different groups — not just between employers and employed but between supermarkets and corner shops, between employees and customers, between more affluent customers with their own transport and those whose shopping is limited to what they can physically carry home.

5.03 The changes that have taken place in shopping over the last decade can aptly be called a revolution. Between 1978 and 1981 alone, there has been a net drop of 29,000 in London's retail employment. The overall figure, which takes account of considerable growth in many areas (notably books, chemists and hardware) masks a dramatic drop in jobs in corner shops (newspapers, tobacconists, etc.) estimated at between 15,000 and 20,000. A fall of 12,000 jobs in food retailing over the same period corresponds to the disappearance of over 2,000 food retail outlets, most employing less than nine people.

5.04 Since 1973, over 9,000 shops have closed in London altogether, not just the corner shops with the shopkeeper living above, but smaller supermarkets and whole rows of shops. (See Table 1.) In place of the local food and grocery stores we now find new names in the high street: insurance companies, building societies, employment bureaux and job centres, places where information rather than the traditional necessities of everyday life is served. Behind this change has been the rise of the large supermarket (15-25,000 square feet) and superstore (more than 25,000 square feet). There are now more than 20 superstores in London, with a further 30 under construction or with planning permission and as many again awaiting a planning decision.

5.05 In a broader context the retailers have become a new power in the London economy. Sainsbury, for example, offers over 8,000 lines, bought from a great range of suppliers in London and outside. This gives Sainsbury power to dictate the terms, for without their outlets the suppliers are left stranded. About 70% of all sales are now through the multiples, so that even the large multinational food producers have been forced to lower their margins by the action of retailing giants. Retailing has also moved into wholesale distribution which it now dominates. The trend for outlets to hold fewer stocks has increased demand for modern warehousing close to markets. This has occurred simultaneously with a decline in warehousing in inner London in line with the erosion of manufacturing and the disappearance of the docks.

5.06 The changes are likely to continue. The Warwick University Employment Unit forecasts a further fall of employment in London's distribution

Table 1: Number of shops in London: 1973 and 1984

		<i>Inner London</i>	<i>Outer London</i>	<i>Total Greater London</i>	<i>Loss in number of shops 1973-84</i>
Number of Shops Assessed with private dwelling accommodation	1973	13,477	18,271	31,748	7,750
	1984	9,452	14,546	23,998	
Number of Shops (including banks in shopping areas) and cafes	1973	37,501	40,471	77,972	1,418
	1984	36,316	40,238	76,554	
Total Shops	1973	50,978	58,742	109,720	
	1984	45,768	54,784	100,552	
Loss in number of shops 1973-1984		5,210	4,958		9,168

Source: GLC: Annual abstract of Greater London Statistics, 1973 Analysis of Rates Values and Numbers of Hereditaments in the Valuation Lists in force on 1 April 1984.

system — 42,000 jobs between 1984 and 1990 — more than in any other industry. Given a static market for food, this means that food shopping will become concentrated in fewer and larger outlets.

5.07 The dynamic of change in the sector has done little to improve conditions of employment; shop workers remain one of the lowest paid and most exploited groups of workers in the country. Nationally, over 80% of manual women workers in shops and warehouses and nearly 30% of men in these occupations earn incomes below the official 'poverty level'.

5.08 Wages remain low but job content is changing. The goods on display may present a bewildering choice of styles and specifications but all too often the contribution which trained staff could make in advising customers is neglected. Skill is wasted and job satisfaction diminished while customers are left dissatisfied and confused.

5.09 Among customers themselves current trends in retailing create groups of the doubly disadvantaged. Car owners benefit from lower prices and one-stop shopping at superstores and smaller stores several miles away from their homes. The old, the disabled and many mothers with young children are dependent on local shops where they can find them — and have to pay extra for the privilege of using them.

## A Vision

5.10 How can shops and warehouses be organised to meet the needs of consumers and shopworkers? It is worth being 'utopian' for a moment to see what agreement there is on broad directions. A check list covering the needs of both consumers and workers might go as follows:

### Consumers

5.11 (a) Everyone wants good access to a wide range of goods and services. That could mean a fairly broad geographical spread of shops, closely related to housing, community facilities and work places. Alternatively it might mean better methods of ordering and delivering goods to the home, or better public transport, designed to carry shopping to and from shopping centres.

(b) Prices should be as low as possible. One way of doing this would be to make available to smaller shops the advantages that large shops have in terms of bulk buying, computerised stock control, etc. A federal shopping system where the smaller shops can use the facilities of the larger shops would be one solution.

(c) Real choice should be as wide as possible. That does not mean ten different brands of baked beans, all with additives and added sugar. Consumers have a great deal of potential power but it is rarely organised or used. Consumer co-operatives could again co-ordinate needs, supplies and information as they did in the past and information technology now makes the task easier.

(d) Quality: enormous sums of money are spent convincing consumers to buy goods that are bad for them or that have built-in obsolescence. The welter of food advertising makes informed choice nearly impossible. Shop workers are at present responsible only to their employers. Their work would be more fulfilling and socially responsible if they were adequately trained and legally obliged to advise customers on the quality of goods for sale.

(e) Assistance: instead of using new technology to put shop workers on the dole more of their time could be used in helping people in difficulty. Better delivery systems (e.g. using milk floats) could be devised allowing some people to order from home. A creche should be provided for customers and shops should be designed to be accessible to people in wheelchairs.

### Workers

5.12 (a) The main concern of anyone working in a shop will probably be to earn a living wage. This should be no less than two-thirds of the average industrial wage.

(b) Conditions: workers should not be made to pay for the extra convenience of the customer. Part-timers must have exactly the same rights as full-timers

Table 2: Retail employment in Greater London 1981

	<i>Male Full-Time</i>	<i>Male Part-Time</i>	<i>Female Full-Time</i>	<i>Female Part-Time</i>	TOTAL
Food Retailing	24,035	7,373	15,923	23,579	70,910
Confectioners, Tobacconists, Newsagents, Off-Licences	7,181	2,063	4,951	7,808	22,003
Dispensing & Other Chemists	3,237	422	8,422	6,835	18,916
Clothing	9,138	1,236	11,472	9,796	31,642
Footwear & Leather Goods	1,665	620	3,137	5,283	10,705
Fabrics & Textiles	1,526	90	624	561	2,801
Hardware, Household Goods, Ironmongers	15,377	1,777	5,991	5,006	28,151
Motor Vehicles & Parts	16,838	987	3,410	1,798	23,033
Filling Stations	4,676	947	1,023	624	7,270
Books, Stationery, & Office Supplies	4,171	661	2,353	2,447	9,632
Other Specialised (non food) Retailing	8,739	984	6,156	3,962	19,841
Mixed Retail Businesses	17,170	3,611	25,701	22,936	69,418
Take Away Foods	1,045	680	405	1,076	3,206
<b>TOTALS</b>	<b>114,798</b>	<b>21,451</b>	<b>89,568</b>	<b>91,711</b>	<b>317,528</b>

Source: Census of Employment 1981, Corrected 1981 ACE Data

and all shifts should receive proper compensation. A federal shopping system would allow small shops to give better holidays, pension schemes and maternity rights. Creches should be provided for the use of staff.

(c) Skill and training: the satisfaction involved in shop work could be increased by making advice and assistance to the customer a greater part of the

job. To do this, shop workers would need proper training schemes covering subjects like nutrition and the needs of particular groups.

## Market 'Reality'

### Trends in London retailing — the economic background

5.13 It is difficult to create more jobs without additional demand. It is even harder if costs are rising at the same time. Yet over the last 20 years shops and warehouses have faced just this combination of static markets and rising costs.

5.14 The demand for goods that shops sell is influenced by many factors. The upper limit however, is set by the amount that people have to spend, and the proportion that they decide to spend in shops. Since 1960 the rate of growth of national income has been sluggish or declining. At the same time people have faced higher taxes and have been saving a higher proportion of their income. The result has been that less personal income has been spent in shops: only 30.1% of GDP was spent in shops in 1978 compared to 37.6% in 1960. This long term trend has been punctuated with sudden bursts in sales and equally sudden slumps, but most forecasts predict that the national market for goods sold in shops is likely to rise by little more than one per cent a year on average unless there is a marked upturn in the economy.

5.15 Within this context certain kinds of shops have done better than others. People must eat. They do not need to eat more as their income increases

Table 3: Productivity in retailing, 1957 to 1982

	<i>Sales Revalued by the Retail Price Index to 1982 prices (£m)</i>	<i>Sales per Full-Time Equivalent (£000's)</i>
1957	51,824.1	24.01
1961	55,661.5	25.78
1966	58,670.3	27.44
1971	62,574.4	31.36
1976	69,461.4	36.62
1980	71,071.8	39.92
1982	68,315.0	40.66

Source: Census of Distribution appropriate years  
Retailing Inquiries, appropriate years

although they may eat different types of food. The market for food generally has therefore tended to hold up during recessions, although in the long term it has declined as a proportion of total sales. Between 1963 and 1982 the volume of retail food sales grew by only 0.2% per year. By contrast, when people become unemployed or their income falls they tend to cut back on 'non-essentials' like consumer durables (radios, freezers, etc.). There was an overall increase in the purchase of consumer durables during the seventies until the recession of 1979. Since 1982 demand has picked up again.

5.16 The pattern of consumer spending has been created by many inter-connected but sometimes conflicting influences. Among the most important are: the increase in home ownership, the decline in the working week and the increase in the length of holidays, the increasing number of working women, the rise in the proportion of people who are retired or at school, an increase in income disparity caused by declining real wages in some sectors, unemployment, and cuts in the real value of benefits. Above all, shops depend on income generated elsewhere to sell their merchandise and are, therefore, inevitably effected by an economic recession. Left to market pressures, the pattern of shopping that emerges will reflect and reinforce existing inequalities between geographical areas and between their resident populations. The older manufacturing regions and the inner city with their higher than average proportions of ethnic minorities, unemployed youth and low-income elderly, will suffer most.

Table 4: Number of establishments and persons engaged nationally, 1950 and 1982

	1950	*1982
<i>Number of establishments</i>		
Co-operatives	25,544	6,983
Multiples	53,949	70,509
Independents	503,639	261,482
All Retailing	583,132	331,991
<i>Persons Engaged</i>		
Co-operatives	179,181	116,000
Multiples	401,665	1,077,000
Independents	1,811,380	1,125,000
All Retailing	2,392,226	2,202,000

\* In 1982 Co-operatives are included in Multiples and Independents

Source: Report of the Committee of Inquiry into proposals to amend the Shops Act, 1984

5.17 Londoners, particularly those living in inner London, are among those who have been losing out. There are a number of reasons. First, although residents in Greater London earn on average 8% more than the national average residents of inner London actually earn less. But even the Greater London average is insufficient to offset the higher cost of living in London. Secondly, unemployment in London has trebled since 1979 and is now 10% higher than the national average. Thirdly, certain costs of living and shopping in London, such as transport, have also increased dramatically.

5.18 London has been getting relatively poorer. With personal income in the capital as a proportion of personal income in Britain falling from 16% in 1974 to 14.9% in 1979, it is not surprising that less was spent in shops. The real net value of sales in London shops fell by 3.6% between 1971 and 1980. The impact on shops and shop work in London has been considerable.

5.19 If these trends continue without the impetus of new strategies, the consequences for London are stark. In the context of a declining market for the goods sold by existing shops in London, any additional shops built can only divert customers and cut jobs. There is little scope for increasing the total amount of shop floor space in London or for increasing the total number of shop jobs. The needs of customers and the well being of workers alike will suffer. This means that the most important issues for the future are the kinds of shops and shopping facilities available to Londoners, the quality of the jobs they offer, and the geographical distribution of these shops.

## The shift to bigger shops

5.20 The imperatives of market pressures mean that retailing firms have two options if they are to remain profitable: they must expand their market share at the expense of their competitors and/or they must cut their costs. To expand its market share in a static market a shop must take trade from someone else and it is clear that in recent years the large multiples have in fact massively expanded their market share by taking trade from the smaller retailers and co-ops. By 1982 the multiples employed half the total number of shopworkers although they accounted for only a fifth of retail establishments.

5.21 Among food shops in London the market is dominated by Tesco and Sainsbury, which account for 55% of the packaged grocery trade between them. After the giants there is a second division of companies consisting of shops like Fine Fare and Kwik Save, with around 14% of the market and the Co-op, with 6% (in 1979). In London, the multiples are expanding their market share mainly at the expense of small independent shops. Nationally multiples, excluding the Co-op have increased their share of total retail grocery turnover from 27% in 1961 to 63% in 1981; the corresponding share of the independent outlets has fallen, over the same period, from 53% to 24% of the market. The Co-op, considered independently of multiples, accounts for the remaining share. Small independent shops in particular will be put at risk by the

threatened closure of 6% of local Post Offices in London. Many of these shops depend for their custom on visits made by those whose shopping revolves around regular visits to the Post Office.

5.22 The trend towards increasing size has, however, made big cost reductions possible. Large supermarkets (with over 15,000 square feet) were able to sell 43% more per square foot of floor space than average sized stores. Stores with over 5,800 square feet could sell 24% more. This kind of economy of scale is particularly marked among grocery shops.

5.23 On the face of it, the fact that large companies and large shops are replacing smaller ones may not be a bad thing as consumers may be getting a wider variety of goods at lower prices. In practice, however, the way in which large firms have expanded has had the effect of shifting the costs of raising or protecting their profits onto shop workers and the poorest consumers. The deskilling of jobs has been matched by the reduction in service; and access to out-of-town centre superstores is a problem both for consumers and those needing to work locally. The advantage of the large supermarket to the consumer is that it offers a wide range of everyday goods under one roof. One of the main advantages to the company is that it transfers certain costs onto the customer. The level of service is cut to a minimum. The customer moves along the shelves and assembles a package of fresh food, groceries, bread and basic hardware, just as a car would be put together on an assembly line. The retailer concentrates on a highly efficient system of stock control, 'just in time' deliveries, quality control and the carefully managed introduction of new goods.

5.24 The staff in the store merely operate the till, stock the shelves and price the foods. There is virtually no advice available to the customer and, unlike common practice in the US equivalent, little assistance in loading and unloading heavy goods. The customer pays for transporting the goods over a longer distance back to his or her home. Bulk buying and freezers allow stores to carry fewer stocks on their premises as storage is transferred to the home. Finally, standardisation brings considerable economies to shops but means less choice for the consumer — particularly in those chains which largely sell their own brands. Part of the cost reduction associated with a large store is therefore paid for directly by the consumer, who does more of the distribution, and part by the workers, in loss of jobs. The indirect consequences are borne by those customers who have no cars or freezers and by workers who lose satisfaction in the jobs that remain.

5.25 The basis for the profitability of the multiples derives from the changed roles of customers and workers. The capacity exists for its benefits to be passed back — through better wages, the introduction of delivery services or satellite shops. At present there is no indication that the market recognises any advantage to be gained from so doing. The demise of doorstep deliveries, which 30 years ago were available for groceries and most foods, now threatens even the daily pinta. Yet deliveries to those most in need of this assistance would mitigate some of the more unfortunate consequences of supermarket growth.



## The shift to new areas

5.26 Another strategy being followed by retail companies in order to increase their share of the market at the expense of their competitors is to open up new stores, usually superstores, in areas not previously covered by them. Sainsbury and Asda in particular are pressing ahead with geographical extension with the aim to become truly national retailers — one moving north, the other south. Tesco is virtually national already but is nonetheless engaged in a major site development programme costing £100 million per annum. These three giant retailers are opening superstores at the rate of 40 or so a year. The question is: where are most of these new stores being built?

5.27 The things which most affect the location of new shops are: the catchment area — most superstores need a population of 100,000 within a twenty minute car ride; the average income of this population; accessibility by car and the availability of car parking; and finally the cost of land. With the exception of the first, all these point to new stores being opened in wealthier areas outside the inner city. In 1984, Tesco announced that it could not see itself opening a shop in the high street 'ever again', and that in future its stores would be on the edge of towns or outside them altogether. Despite planning constraints and in particular the intentions of the GLDP, developments in London confirm this picture. Nearly all of the 22 superstores operating in London were opened in the last five years. 17 of them are in outer London and all but one of the remaining five are on the edges of inner London. A further 12 superstores are under construction and there are planning applications for 16 more. Twenty of these 28 possible stores will be in outer London.

5.28 When a multiple builds a new large store it is likely to close its *own* existing small and medium-sized shops. It will do this even if these smaller shops are making a profit because it is cheaper to redirect its customers to one large store rather than serve them from a number of outlets. This is generally what happens when Sainsbury or Tesco open a new superstore, or when Woolworths buy a larger site in a new shopping centre. For example, when Tesco opened a superstore in Thornton Heath, Croydon, it closed five smaller supermarkets in the area. Nationally, between 1972 and 1981 Tesco opened 61 stores of over 25,000 square feet and closed 361 smaller stores under 10,000 square feet. Fine Fare opened seven large supermarkets but closed 42 smaller stores. The multiples have planned their closures at a rate of about 9% per year over the last ten years.

5.29 The endless list of closures of smaller high street supermarkets, and shops like Woolworths and Marks and Spencer are a testimony to these policies. Once these key shops move out of a high street there is a knock-on effect on surrounding shops. Custom is lost as shoppers who came for their weekly groceries no longer drop into the local sweet shop or greengrocers. Turnover drops, profits fall and at the next rent review the local retailer cannot support the increases sought by the landlord. In some areas, where dereliction is spreading insidiously, there are rows of boarded up empty premises; in

others, in the suburbs, the building societies, video shops and fast food outlets are ready to move in as the fishmongers and butchers close their doors.

### **Competition/Takeovers**

5.30 The multiples also seek to attract a larger market share by undercutting their competitors. For example, Sainsbury regularly undercuts the average retail food price by 5%. Asda used to undercut its competitors by 10-12% during a rapid period of expansion in the late 1960s. In 1983 Tesco announced a round of across-the-board price cuts to boost its sales by 5-7%. Price cuts of this sort lower profit margins on each sale but can be supported by supermarkets because of their advanced organisation for distribution. Small shops with a lower volume of sales cannot match them. The irony is that the customers most dependent on those small shops which remain are those least able to afford higher prices. Again, by creaming off the best customers in a static market, the larger store will force cutbacks and closures among small and less mechanised shops within its catchment area.

5.31 Large supermarkets however have certainly not restricted themselves to attracting a greater market share from independents and small supermarkets. They have diversified into fresh fruit and vegetables, meat, bread, fish, speciality foods, toiletries, certain items of hardware, consumer durables and clothing. Other multiples have followed suit. Marks and Spencer, for instance, now derive 40% of their turnover from food. Sainsbury has moved into DIY. In diversifying, these companies obviously draw trade away from some of the more traditional department stores. Within the non-food sector many department stores and well known high street shops have consequently been losing money. Central London department stores have also been badly hit by the new suburban centres and the decline in tourism in the early 1980s. The lack of parking space, old fashioned buildings and high operating costs all cause problems. Whiteley, Swan and Edgar, Bournes have all closed, Habitat/Mothercare has just taken over Heals, and Debenhams and House of Fraser are both said to be susceptible to takeover bids. Such uncertainty among earlier giants of the market place is multiplied among the pygmies of the high street.

5.32 Some of the most important takeover bids have come from companies outside retailing altogether. Many non-food retail companies own stores in prime central or high street locations and these properties have increased in value, even though the companies' shares have fallen. A number of financial institutions seem to view takeover of these companies as a safe investment regardless of the short-term trading prospects. So, for example, Paternoster, a consortium of 30 financial institutions, bought Woolworths for £310 million compared to their asset value of £510 million. Another consortium has been fighting to take over United Drapery Stores. These takeovers invariably involve further closures and redundancies.

5.33 If new food shopping developments were being concentrated in deprived parts of London the disadvantages would be less severe. But for the

most part, they are being built either in the more affluent parts of outer London or on the edges of inner London (with the exception of east London). In these positions they can only render the distribution of shopping facilities even more unequal, making it harder for many inner London residents to get to a shop or to a shop job.

5.34 'The picture is thus of a polarised grocery universe with the bulk of business going through a number of large to gigantic stores and the remainder picking up the crumbs,' according to Ian MacLaurin, Managing Director of Tesco, who summed up the implications for inner city areas thus: 'Two years ago as a result of a study commissioned by Tesco from Newcastle University our suspicions were confirmed. A best estimate suggested that up to eight million people living in central areas were denied easy access to large stores due to their peripheral location.'

## Job losses, low wages and bad conditions

5.35 Labour accounts for around two-thirds of retailing costs. Cutting costs thus generally means cutting jobs or cutting wages or both.

### Wages

5.36 The distributive trades have in fact cut their labour force at a slower rate than manufacturing. One of the reasons is that they operate a 'low wages strategy'. Around three-quarters of jobs in shops are unskilled or semi-skilled. Many firms do not have any great incentive to train workers or encourage them to stay with the firm. They therefore pay 'subsistence' wages, offer poor to atrocious conditions, and accept the high labour turnover that these produce. The distributive trades as a whole rank as the third worst paying industry in the country. Given that the distributive trades employ nearly half a million Londoners — almost as many as all London's manufacturing put together — the sector is responsible for holding large numbers of employees, particularly women, below the poverty line.

5.37 It is important to recognise that employers are helped in their low wage strategy not just by high levels of unemployment and the numbers of young people seeking shop work, but by the existence of a substantial layer of low paid unskilled jobs in London. People who work in shops have often come from jobs in catering, clothing, hospitals, and other low paid jobs in the public sector. The multiples use rates of pay set by these areas of alternative employment as a base and then pay a cut above it to ensure that they have a constant stream of applicants for their jobs. This is why most shop workers will say that companies like Marks and Spencer 'pay well'. These offer pay, perks, conditions and, importantly, career development opportunities that set them apart from the vast majority of retailers. The Wages Council explicitly

recognises this situation by setting minimum rates at levels which the *least* progressive companies can pay.

5.38 It is the larger supermarkets that offer the best opportunities for effective union organisation. Between 1970 and 1980, thanks to the efforts of the unions, the wages of male shop workers rose by about 3% compared to the national average, and women's wages rose by 12%. However, since then, the government has explicitly intervened to keep wages in shops down. In 1981 they announced the Young Worker Scheme which gives employers a subsidy of £15 a week for every young person they take on at *less* than £40 per week. In March 1983 Norman Tebbit, then Secretary of State for Employment, took the unprecedented step of delaying an 8% wage increase recommended by the Wages Council.

## Hours

5.39 Shop workers are also faced with longer hours of work. One way in which smaller, often Asian-owned, shops have been defending their share of the market against the giants has been to stay open for longer hours. This gain to the customer is offset by the loss to shop workers, who, once again, suffer the costs of competition. In addition, many of the larger stores are now also staying open longer. Since the mid 1960s they have in fact made 20 attempts to have the 1950 Shops Act repealed, allowing them to stay open later at night and on Sundays, and it is now probable that they will be successful. Here we face one of the seemingly intractable contradictions of the sector: customers stand to gain by Sunday opening, shop workers (particularly, perhaps, women with family commitments) may lose out, unless safeguards are written into the legislation. USDAW has argued that if all shops stay open for longer hours they will simply spread the same amount of business over a longer period, thus increasing costs and reducing profits. They are justifiably suspicious that shop workers will be forced into working anti-social hours for little extra compensation. It is also extremely likely that Sunday opening will have a particularly damaging impact on the small local trader.

## Condition of work

5.40 The most common grievance from shop workers at present is often not low pay but employers' demands for unpaid overtime, compulsory evening, weekend and bank holiday working, the lack of sick pay and poor holiday pay. Another issue that makes shop workers justifiably angry is the indignity with which they are often treated by customers and employers alike: arbitrary orders, arbitrary dismissal, constant surveillance for theft and even the risk of arbitrary detention by security guards.

5.41 The fact remains that for many people there *is no* alternative other than another equally badly paid job or the dole. This is often because of a number of factors such as age, ethnic origin, the need to care for children, housing and

transport availability. However unsatisfactory the conditions of work, retailing offers local jobs for unskilled people which may not be available elsewhere in the neighbourhood. In particular, the distributive trades sector is one of the largest employers of women in London (71% of superstore employment is female). Approximately half work part-time, and a very large number of these have sole responsibility for looking after children on top of their job. The weakness of their position is evident. Women working in shops earn under two-thirds as much as men, and are discriminated against in training, promotion and in almost every kind of fringe benefit.

5.42 Employing part-timers can allow firms to avoid paying sick pay and maternity pay as well as escaping most of the employment legislation. Apart from the fact that they are cheaper, employers can also use part-timers (and casual labour or short-term contracts) to cut costs by substituting them for full-timers in order to cover peaks in business. Between 1971 and 1978 full-time employment in the distributive trades nationally fell by over 90,000 while an extra 175,000 part-timers were taken on — an increase of almost a third. Since the recession, however, part-time jobs have been cut at virtually the same rate as full-time jobs.

5.43 Because shopping facilities are increasingly concentrated around the needs of more affluent car-owning families with two incomes, women lose out both as workers and as consumers. They lose one of the most accessible sources of part-time jobs in local shops and, as most women do not have access to a car (particularly during the day), they also find it increasingly difficult to shop.

5.44 Many school leavers also have very few alternatives to shop jobs. In 1971 one out of three boys and one out of five girls leaving school went into the retail industry. Entering employment in a sector of low pay and low unionization sets a discouraging precedent. Once again the advantage to the employer is that young people are cheaper. A 16-year-old school leaver used to get just over 60% of adult wages (around £40 in 1982) but the government's Youth Training Scheme now means that school leavers will only receive £25 per week. In return they are meant to receive on and off the job training. But it is difficult to believe that this pledge will be fulfilled given the fact that the government has abolished the Distributive Industry Training Board, and that employers are cutting out the more skilled parts of shop workers' jobs (e.g. advice and assistance to the customer). The result is that most jobs in shops require little training. It is clear that the YTS recruits will soon be generating very large surpluses for shops, and there will be pressure to substitute them for permanent workers.

## Future market trends

5.45 The trend in retail distribution is thus towards the concentration of new shopping facilities away from working class areas, although there have been a few new large supermarkets developed in inner areas. The number of superstores nationally is predicted to double to 600 by 1990. There are,

however, limits to this process. In London, for example, only 55% of households own a car, so the potential of this market is expected to become exhausted as more and more of the superstores are built. Operators estimate that London can accommodate another 90-120 superstores. With saturation, profits will fall and the big food retailers will have to look elsewhere. Arising from this situation, there are a number of developments which provide pointers as to how shopping in the inner city might develop.

5.46 The first is the growth of franchising systems like VG and Wavy Line. These allow small shops to achieve the advantages of bulk buying from a central organisation. The second development is the recent growth of discount supermarkets. Experience in inner city areas in the US have shown that by operating from small stripped down units offering a limited selection of basic lines it is possible to cut prices by a further 15-20%. Kwik Save has already established itself outside London as a retail growth star by opening small and far more accessible stores. Tesco has just launched six 'Victor Value' stores following the same approach. Fine Fare 'Shoppers Paradise' stores now number around 200.

5.47 In many declining high streets property companies have been showing an interest in buying the empty sites left behind after the departure of Woolworths, the Co-op and other well known names. Despite the fact that there are often many small boarded-up shops nearby applications have been submitted to develop these sites for market stalls. This could simply be the final stage in the down-grading and casualisation of high streets. On the other hand, if local groups are interested, there might well be scope for alternative schemes reflecting the needs of local people.

5.48 Another trend can be seen in the development of mail order firms. Up until 1979 they out-performed any other retailing sector and controlled 14.4% of mixed retail business sales. Since then they have declined. At present, there are very few of these firms in London itself but developments may expand the possibilities of shopping from home beyond the conventional mail order systems.

## **New technology in retailing**

5.49 Like many industries, shops are on the brink of a technological revolution. New technologies are being introduced which could have enormous implications for shop size, location and employment. One example is the development of computer links between shops and head offices, so that information on stocks and sales is fed into a central computer. Another is the introduction of electronic point of sale (EPOS) terminals to replace cash registers. These are linked to the computer which is told about the goods being sold, either by a laser machine scanning bar codes, or by the assistant entering a code manually. The computer tells the EPOS terminal the price. The terminal gives the computer information on sales and stock sold. The computer can then

do stock control and ordering automatically. The probable effect of the new technology would be to cut and deskill the staff in shops still further and to increase the size and centralisation of shopping facilities. They could, on the other hand, be used to improve the services provided to consumers.

5.50 A recent experiment in Gateshead run jointly by Tesco, Gateshead Council and Newcastle University has shown that the needs of those sections of the population traditionally denied access to low cost shopping can be effectively met with the aid of computers. A computer-aided shopping service for the disadvantaged was set up following a study in Tyne and Wear that identified 3% of the population as 'neglected consumers' i.e. physically or socially prevented from shopping in those city-centre stores offering the largest selection at the cheapest prices. To make these economies of scale available to dispersed, disabled and often isolated consumers, a scheme was devised to create computer links between Tesco in the town centre and a range of neighbourhood focal points, including sheltered housing schemes, a centre for the disabled and branch libraries. By reference to catalogues that describe the sizes and prices of goods, people can order their groceries through a local terminal or, if bedridden, through a telephone (linked by operator to a microcomputer). Food is delivered free of charge later the same day or early the next morning. The GLC could promote a similar experiment in London, through its Technology Networks and GLEB.

## GLC policies

### Planning control

5.51 As strategic planning authority for London, the GLC has been concerned to set a framework within the Greater London Development Plan which will limit the tendencies of the market, as outlined above, to operate against the interests of large groups of Londoners. The GLDP stresses in particular the importance of local high street shopping centres and the need to restrict the development of out-of-town superstores and hypermarkets.

5.52 The Council's capacity to implement this strategy is, however, limited. While the Secretary of State for the Environment has the power to call in and veto planning applications for shops from 50,000 to 100,000 square feet in size, the GLC only retains direct development control responsibilities in respect of developments over 215,000 square feet. The power to alter land use as set out in local plans resides with the boroughs but this too can be overridden by the Secretary of State when shopping applications requiring changes in land use are refused by the boroughs. In the summer of 1984, Patrick Jenkin overruled the recommendations of Inspectors in three separate public inquiries to give approval to schemes seeking to build out-of-centre superstores in London (off the High Street). The pressures to allow changes of use are considerable when a firm like Sainsbury can offer £2 million per acre for land designed for industrial use (as it did recently in Oxford).

5.53 Though only seven superstores and hypermarkets have opened in London outside established town centres since the late 1970s, another seven are currently under construction or have planning permission and a further 13 proposals are the subject of planning applications. There are also two proposals for regional shopping centres on a mammoth scale (more than 1,000,000 square feet each, appreciably larger than Brent Cross), only two miles beyond the GLC boundary at Thurrock, Essex, and interest has been expressed in similar developments just beyond south-west London.

5.54 Submitted alterations to the GLDP explicitly specify town centre locations for new development in order to encourage a more even distribution of shopping and related employment and to guarantee equal access to shops for those dependent on public transport — in particular women with small children and the elderly. Failure to implement this policy, allowing custom to be drawn away towards the M25 and linked roads, will weaken the economic base of town centres and so work against the regeneration of Inner London.

Table 5: **Large food-based stores in London**

<i>Status</i>	<i>In existing town centres</i>		<i>Out of existing town centres</i>	
	<i>supermarkets</i>	<i>superstores</i>	<i>supermarkets</i>	<i>superstores</i>
Open	68	14	2	7
Under construction	1	3	0	1
Planning permission	14	19	0	6
Application submitted	7	19	1	13

Sources: (a) London Boroughs

(b) Institute of Grocery Distribution, Large Stores Directory 1983

(c) Unit for Retail Planning Information, 1984 List of UK Hypermarkets and Superstores

Note: In addition, (b) identifies 52 stores in the 10,000-15,000ft<sup>2</sup> sales area range.

## **Better wages and conditions for shop workers**

5.55 In accordance with its policy concern for labour conditions, the GLC has run a series of workshops for trade unionists in the retail sector. It has also given grant support to the Service Workers Action and Advice Project (SWAAP), the Hackney Trade Union Support Unit, the Central London Community Law Centre and the North Kensington Law Centre. These grant-aided projects have all been concerned with informing shopworkers (and other service workers) of their rights and of the potential for collective action through trade unionism. The Hackney Trade Union Support Unit, for example,



is now recruiting local shop stewards into USDAW training courses and is proposing the setting up of a local high street branch, with the particular objective of involving more women members of USDAW. This is especially important as trade union organisation, in particular the times and venues of meetings, has historically tended to discriminate against women who continue to be primarily responsible for childcare and housework.

5.56 Without such projects, shopworkers' rights may go by default through sheer ignorance. Few have contracts of employment, many do not get their full entitlement to holidays with pay, many are receiving below the minimum rates and many resent the way in which they are required to work extra and long hours often at short notice. Examples are known of small shops telling their staff they are only entitled to two weeks' holiday, and of some retail chains deliberately disregarding the conditions of the wages orders. According to a small survey, Oxford Street employers gave varied and misleading information to their staff about sitting down at work. One chain store had only one seat for seven employees; the staff in another believed that employees only had the right to sit during meal breaks. In fact, one seat is required for every three workers, to use at any time that does not conflict with the need to serve customers.

5.57 The Central London Community Law Centre is making particular efforts to improve equal opportunities and to confront the situation in which men get the plum jobs in retailing that pay good rates of commission with prospects of promotion while women are largely stuck in the jobs that pay only the basic rate and are still discouraged from returning to work after maternity leave. Part-time workers, of whom women are the majority, are badly paid and are discouraged from seeking further training; in some firms, women are offered task training within the firm, while the men are encouraged to take day-release courses. All these centres publish information about shopworkers rights and support their efforts to organise for better pay and conditions.

### **A better deal for consumers and retailers**

5.58 The GLC has also been working on the problems of access to shops, especially in deprived areas. As has been seen, more access to local shops would benefit both consumers and existing shopworkers, many of whom now have to travel considerable distances to work. But the disadvantage of the surviving small local shops is that their prices are high, and the range of goods they can sell is limited.

5.59 One of the GLC's initiatives has been to put forward the idea of a federation of shops which establishes links between smaller and larger shops in order to take advantage of the facilities provided by the latter: cheaper prices obtained from bulk buying, computerised stock control, and so on. It has also proposed that local shops could be run as worker-consumer cooperatives allowing local groups to order the goods that they want. The new

developments in computer technology in retailing described above could make this increasingly feasible.

5.60 Computer stock control systems could benefit small shops and shared systems might come into use. Tele-shopping from the home could increase the need for local delivery points and better delivery systems. Finally all these systems could be used to convey a mass of useful, as opposed to simply profitable information between local consumers and central shops (e.g. consumer advice and consumer preferences).

5.61 As this stage one of the most practical but innovative schemes is a recently approved property development by the Greater London Enterprise Board. GLEB is undertaking the renovation of eight retailing units as part of a joint development with a housing association which is to restore residential accommodation above the shops. This in itself is an imaginative approach to a familiar problem of dereliction in inner London but the project also provides for GLEB to incorporate communal facilities, including a computer for the use of the small shopkeepers as an aid to efficiency and cost-effective operation.

5.62 The possibilities of developing such experiments have been explored at Thamesmead and in Tottenham. At Thamesmead, new ideas were explored in conjunction with the Co-operative Society. The Co-op's initial ideals of provision of services to ordinary people fit in well with the Council's policies and could be extended to include cross-subsidisation from its more profitable shops. This would be an alternative to the Co-op's present tendency to follow the example of the large chains of superstores and concentrate in a few money-making areas. It is important that the Co-op should preserve its tradition of enlightenment towards customers, workers and quality control. Managerial and technical efficiency has not matched this however and new initiatives are now required. Against the vigorous expansionism of Sainsbury, the Co-op appears old fashioned and pedestrian in its approach. It has, however, detailed local knowledge and could build on the involvement of local people to develop plans for the reorganisation of local shopping patterns.

5.63 The GLC and GLEB have worked with the borough and local community groups at Bruce Grove, Tottenham, a classic rundown shopping street in north east London where there is a desperate need for good value shopping and an equally urgent need for local jobs. Though Bruce Grove already has the status of a Commercial Improvement Area, this tends to generate increased property values for the shopkeepers rather than necessarily improving the quality or quantity of jobs. After consultation with local organisations, an alternative plan was developed to provide for small local shopping units as part of an exemplary scheme with community facilities, jobs offering good pay and conditions of service, and guaranteed direct access to local trade unions.

5.64 Implementing this plan would require substantial initial investment backed up by public sector support for the non-commercial elements. To set things in motion, the GLC should introduce a pilot scheme in conjunction with interested boroughs and superstores. Such a scheme would cater explicitly to the needs of customers and workers, promoting unionisation and equal

opportunities for the employment of women and ethnic minorities. It would also involve the Technology Networks from the start, to devise new applications for information systems — perhaps drawing on the experiments in Gateshead — to promote these objectives. It is clear that public sector involvement is essential and that the market, left to its own devices, will continue to ride roughshod over the interests of both workers and consumers.

Table 6: Staffing levels of hypermarkets and superstores

Net floorspace (m <sup>2</sup> )	No. of stores in sample	Average staff per store			Net floorspace per FTE (m <sup>2</sup> )
		Full-time	Part-time	Full-time equivalent	
2300-2799	20	85	84	125	20.0
2800-3299	21	106	91	148	20.2
3300-4649	16	147	116	205	19.8
4650+	14	166	159	242	25.4
All	71	121	108	173	21.4

Table 7: Employment by Store Operator

	No. in sample	Average store size (m <sup>2</sup> )	Average store employment	Average store employment (full time equivalent)
CRS	12	3,500	186	140
Fine Fare	15	3,870	191	138
Tesco	15	3,440	280	228
Woolco	5	6,340	262	191
Sava Centre	2	6,200	665	496
Superkey	3	2,830	225	171

Source: URPI Information Brief 82/7, November 1982.

URPI also found that there is a strong relationship between total turnover and numbers of staff, and that the type of goods sold could influence the level of staffing with non-food goods possibly requiring proportionately more staff, or a different mix of staff.

---

## Proposals for action

---

1. The GLC recognises the urgent need to improve the pay and conditions of shop workers. It will therefore continue to work with and fund other organizations which aim to improve wages and conditions, especially through campaigns for union membership and better union organisation.

---

  2. As part of its approach to employment in retailing the GLC is concerned to enhance the quality of shop work, counteracting the deskilling which has occurred and emphasising the benefits which good quality training can bring to shop workers and customers alike.

---

  3. The GLC is particularly concerned to improve conditions and prospects for women, many of whom work part-time and are heavily dependent on the retailing sector of employment.

---

  4. The GLC seeks to promote the availability of retailing facilities to all sections of the community. Access to the choice and lower prices offered by larger retailers ought not to be confined to car owners.

---

  5. Within the framework of the submitted alterations to the Greater London Development Plan, the GLC will use its planning powers to secure the rationalisation and modernization of shopping facilities.

---

  6. The GLC will also seek to promote innovative schemes to benefit consumers and shop workers. Features of such schemes will be:
    - a federation of smaller shops aimed at bringing them the benefits of new technology and bulk buying
    - cross-subsidisation between a supermarket and local satellite shops
    - cash and carry warehouses providing a centralised buying and delivery service and information centre for local shops and customers
    - inclusion of community facilities (such as a creche, advice centre, cafe) in shopping developments.
-

---

7. Through mortgage facilities the GLC is supporting a GLEB scheme which makes available use of a computer to a number of small shops. This and other innovative developments — like the Gateshead experiment — will be assessed in the light of experience to assist in the formulation of future proposals.

---

8. The GLC will examine the sector of small retail outlets with a view to securing and expanding employment for ethnic minorities.

---

*Sources*

GLC, *The End of the Pinta*, 1984

GLC, *The Co-op: Can it Still Care?*, 1984

GLC, *Out of Centre Superstores*, 1984

GLC, *The Greater London Development Plan, as proposed to be altered by the GLC*, 1984

Unit for Retail Planning Information, *briefs*

*Report of the Committee of Enquiry into Proposals to amend the Shops Act*, 1984

*The Grocer*



**Section One:  
CONSUMPTION**

**6.  
The cultural  
industries**

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

*Working in a record pressing plant. Records on sale in London are commonly recorded in one country, mixed in a second and pressed in a third. This has led to re-organisation of record pressing across Europe, and the loss of three plants in London.*

Photo: RCA.