

THE THIRD INDUSTRIAL REVOLUTION AND THE RESTRUCTURING OF THE LONDON ECONOMY: NOTES TOWARDS A LONDON INDUSTRIAL STRATEGY

I

CIRCULATION AND PRODUCTION

The tide against manufacturing employment is strong throughout the industrialised world. In 1960 the developed capitalist economies accounted for 75% of world manufacturing. By 1975 the share had fallen to 64%, not because of any significant shift to the third world, but because of a major burst of industrialisation in the socialist countries (their share rose from 18% to 28% of world manufacturing over the same period). In Britain de-industrialisation has been particularly severe. Even before the devastation of Mrs Thatcher's monetarism, manufacturing employment had fallen by 1½ million since 1970, and its proportion of the total labour force had gone down from 39% to 31% by 1979. Partly this was due to increases in productivity, but output itself went down, by 9% (for England) between 1971 and 1980. In London the loss was 14%, and of employment 37% (between 1971 and 1981). London which was one of the industrial heartlands of Britain in 1951 (with more than 1½ million manufacturing workers), had only just over 1 million in 1971, and 631,000 in 1982. Recent forecasts by the University of Warwick estimate that even on favourable assumptions, there will be only 450,000 manufacturing jobs in London by 1990. In spite of net emigration from London of nearly a million people in a decade, continued manufacturing decline and job losses in services from the end of the 1970's, has meant a rise in unemployment from 130,000 in 1979, to more than 400,000 on comparable figures in mid 1983.

- 2 Manufacturing has had a falling share of employment in the advanced capitalist countries. British manufacturing has lost jobs at a higher rate than almost all its major industrial competitors, and cities have lost jobs relative to smaller towns and rural areas. The trends have been similar throughout the industrial world. London has been at the butt end of them all. This is a measure of the problem.
- 3 The Labour administration which took power at the GLC in May 1981 came in on the most detailed economic manifesto ever produced in local government. It covered 71 closely printed pages. It argued that the core of London's economic problems was "the private sector's failure to invest in new plant and buildings in London" and the failure of public industrial policies which were based solely on beggar my neighbour advertising campaigns, and public investment restricted to industrial infrastructure. "London's economic problems", it argued "are the direct result of the largely uncontrolled operations of the free market".

- 4 It outlined a major programme of public investment both in infrastructure and in commodity producing enterprises. It was committed to extending new forms of social ownership and workers control (municipal enterprises, co-operatives, planning agreements with greater control by workers in assisted enterprises), and to new instruments of economic intervention (most notably the Greater London Enterprise Board, and the use of public purchasing to achieve strategic ends). It was also concerned to extend control over private finance in order to direct it back into industrial investment, both through the Council's taxation powers, and through the Council's powers over its staff pension fund (whose assets in 1942 amounted to £559 million), as well as other pension funds which could be won over to the scheme. There was to be a similarly interventionist strategy in the field of the training of London's labour force.
- 5 There was therefore a clear commitment to planning, to the use of social rather than merely market criteria, to an investment plan led by public rather than private agencies, and to shifting economic power within enterprises towards labour. The main issues addressed were the principles of economic allocation, of the form of social ownership, of finance, and of appropriate administrative instruments of intervention (GLEB). It was a programme that outlined a significant shift in social control over London's economy, within the scope of a local authority's power.
- 6 Given the administrative, political and legal difficulties which this programme faced, it is striking how good a start has been made. GLEB has been set up with a budget of £30 million raised from the rates, the first municipal enterprise has been established and is thriving, other industrial interventions have taken place through a variety of ownership forms, but all of them have extended control by workers in their enterprises. The major project involving a private employer has been accompanied by a planning agreement. Substantial support has been extended to the co-operative and trade union movements in London, and to the programme of training for skilled employment rather than the MSC's programme of training for unemployment.
- 7 The above constitutes a significant step forward in the policy and practise of economic strategy. But it is notable that the Manifesto did not describe this programme as a strategy, rather retaining the word for a distinct part of the programme, namely the London Industrial Strategy. This was to be drawn up by a new unit in the Council, the Economic Policy Group, as a guide to investments by GLEB. Given new sources of finance, a commitment to public intervention, a body (GLEB), capable of intervening, and a set of social criteria to guide that intervention, in what more precisely should the investment be placed?

- 8 The Manifesto gave certain directions, but saw the more detailed work being undertaken later. It was committed to defending and modernising manufacturing industry, to intervening in private services particularly to protect the low paid, and in the public services. Put another way, it saw the private service sector as strictly limited in its capacity to offset the loss of employment in manufacturing and in the public services, and hence attacked a strategy centred solely on the expansion of vulnerable, and often low paid private services. It also made a more specific commitment to Docklands and to the retention and development of the Upper Dock as part of a broader transport policy.
- 9 What is significant about this aspect of the Manifesto is its commitment to a production plan for London as a whole. It recognised that specifying criteria for individual projects was not enough. There was a need for a synthesis, both for investment (the London Industrial Strategy) and for labour (the London Labour Plan).
- 10 The explicit concern with production stands in contrast to much of the debate on national economic strategy, which has largely remained at the level of circulation. By circulation I refer to the sphere of the economy involving exchange, income distribution and consumption. The economic strategy of the current government is couched in terms of the money supply, interest rates, the exchange rate, the rate of inflation, and public expenditure considered from a financial point of view. Its industrial strategy is dominated by the drive to privatisation, and the introduction of the discipline of the market on branches of the economy formerly insulated from private capital and its imperatives. The so-called supply side element of monetarist strategy is guided by an explicit goal of restoring the conditions for market competition, and indeed intensifying the competitive pressure on private and public enterprise alike.
- 11 Contrary to appearances this policy of circulation is aimed at two of the critical issues in production. The first is the concern to break the strength of labour in production - a concern which is not just a question of pay, but of the conditions of labour in production, the length of working time, the intensity of labour, the extent to which the worker maintains control over his or her work process, and labour's resistance to new technologies. The second is the question of productivity over and above that which results from greater control of labour in the factory. It is a question of a time economy, the technical gains yielded from new technology, from wider ranges of direct co-ordination, of more precise methods of production and so on. In the past, the major restructuring of production and of labour has resulted from economic crises: capital values have been written down, (triggered off by bank crashes), strong firms take over the weak and reorganise them, unemployment rises and labour's power of resistance falls. A deep economic trauma restores private profitability, usually with the accompaniment of war.

- 12 For the current government the strategic aims of economic policy are the restoration of private profitability through the weakening of labour in addition to, and in part as a result of, the introduction of new technology and systems of corporate organisation. The means are the use of various market instruments to enforce a market discipline on enterprises. Specific sectoral intervention is not by and large around the planned reconstruction of national capital - branch after branch in manufacturing has been abandoned to imports and/or foreign capital. Rather the intervention has concentrated on privatising public industries, and removing protection from private ones (the proposed abolition of the Ead/ levy on imported films and the "opening to the multi-nationals" through its cable strategy is a current case in point). At a time when state intervention and protection is increasing in almost all industrial countries (including the monetarist USA, and the newly industrialising South Korea) the present government is using state power to reduce protection and actually weaken UK industry's competitive position through interest and exchange rate policy.
- 13 National Labour Party strategy has also been primarily concerned with circulation, as have the main poles of debate on the economy within the party. The debate has been over the size of the reflationary package, the means of preventing income leakages abroad through imports and of capital flight through the exchanges. The question of international competition has been largely addressed through the debate on import controls and devaluation (externally), and on incomes policy and price controls (internally). Whereas Tory policy is to open up British industry to international competition, Labour policy is to protect it. Whereas the government wants to reduce the money supply and cut state spending, Labour argues that this is self defeating, and that more state spending will produce more value, and lower the national debt. The Labour Manifesto is profoundly Keynesian, differing from the monetarists on how the government should intervene in circulation, but confined to the sphere of circulation nonetheless. Even the left's argument for nationalisation and planning agreements has - in some versions - been justified as a way of making Keynesian policies towards investment work in an era of multinationals. If multinationals do not respond to monetary and fiscal manipulations, then they must be made to do so by planning agreements or, more radically, through appropriation.
- 14 What these policies do not spell out is their significance for the crisis in production. Whereas monetarist policies explicitly aim to affect the production crisis through the mechanisms of circulation, Labour - rightly rejecting the appalling waste, inequality and sheer brutality of the unacceptable substance of capitalism in crisis - has retreated to countermeasures in circulation with no clear link to production. This is defended in some quarters on the grounds

that the main cause of the current world recession is rooted in problems of circulation. They cite the adverse distributional effects of the oil price rise in 1973/4, the tendency to international underconsumption because of third world poverty (the Brandt report), the tendency for money capital to be invested unproductively, or abroad, according to short time horizon). Others have treated the world recession only as a datum from which the UK can and should be insulated through protection.

- 15 There is a brief discussion of production in the Manifesto, including a defence of shipbuilding, aerospace and steel, of coal and British telecoms, and of fishing, food and forests. There is a commitment to "new companies and new science based industries - using new public enterprise to lead the way". There is a commitment to 'new companies and new science based industries - using new public enterprise to lead the way'. There is a commitment to a "five year national plan to co-ordinate expansion and public spending with plans for individual industries and regions". There are excellent sections on public investment in transport, housing and energy conservation and through this an expansion of the construction industry. But what these sections do not seem to address are the difficult economic issues in a period of world crisis: international competitiveness, the nature of restructuring which is taking place industry by industry, the key commanding heights for accumulation in the next period, the strategic issues for a national production plan.
- 16 What was radical about the recent Manifesto was its commitment to public ownership and the extension of the power of labour within enterprises. Public ownership was to be extended not only to those industries and firms sold off by the Tories, but to the electronics, drugs, health equipment and building materials industries, as well as to oil and the financial sector. There were supportive sections on co-operatives and Local Enterprise Boards. In some versions of the alternative economic strategy the extent of public ownership and enforceable planning agreements is larger. Yet the issue all of them do not address in robust detail is what strategies should be followed after nationalisation. A change of ownership cannot get rid of the power of the international law of value. This is the force that bears down even on economies which have eliminated the internal economic and political power of private capital more thoroughly than seems currently probable within this country. Each socialist country has been forced to develop a strategy in relation to the world market and the power of the international law of value: how more urgent is it for us.

- 17 In much of the debate, the three areas of economic discussion have remained separate; circulation, production, and ownership and control. Some, most notably Stuart Holland, have linked the need for the social control of ownership to the mechanisms of economic management in a capitalist economy; others have discussed alternative systems of production and circulation within a socially controlled 'economic zone', but without specifying the means of cutting off such a zone from the capitalist economy. There is a growing body of important work on the benefits of public control of banking and finance for directing money capital into industry. All of these have been important ideas around which labour has organised. But they have either been very distant from workers resisting monetarist restructuring in particular industries, or of limited relevance to progressive forces when they have occupied hillocks of power whether in specific enterprises, or various departments of the state.
- 18 The argument of this section has been that it is insufficient to restrict a general economic strategy to issues of so many billions of reflation, dollars and cents to the pound, interest rates, and price controls. Even if we got the prices in these markets right, we cannot leave the direct restructuring of production to the wider market and private capital. Equally, it is not enough to have an economic strategy concerned solely with issues of ownership and control. We may shift power, but power - in this case economic power - has still to be exercised and that means an economic plan. Nor is it adequate to leave that economic planning solely to the outcome of a democratic process. No planning is adequate if it is not done democratically, by and with producers, starting from experience and the real imagination which only those who have produced directly can fully possess. But in each case the question of the overall economic battle plan remains, a plan for production, a plan which necessarily takes into account the reality of international competition. It is such a plan that we are engaged in producing when we prepare the London Industrial Strategy.

A LOCAL INDUSTRIAL STRATEGY

- 19 These issues become clearer when we consider our London Industrial Strategy, since we have as a Council, no power as a monetary authority. Hence, in terms of employment, the Council is limited in the extent to which it can 'reflate' the economy. It does have a modest power of taxation, and since rates are a tax on property and a deduction from ground rent rather than wages or profit, the raising and local investment of a rate which would have otherwise been invested (or spent) away from London, will have some local expansionary effect. Similarly, in as much as GLEB puts together industrial packages which promise to yield normal rates of return, then it can expect to attract money which would otherwise (from the point of view of the productive economy) have been hoarded, or to encourage the creation of credit from banks. In both cases there will be a reflationary effect. Any estimates of job creation by GLC policy in London should take both these factors into account, not least because on a number of occasions GLEB has put together projects which have in the end been fully financed with previously hesitant private funds. It should never be forgotten that there is currently a surplus of money capital - a point noted by the Wilson Committee - or put another way, there is an acute problem for money capital in a period of collapsed industrial profitability, as to where it will be able to invest with prospects of a return.
- 20 In spite of my earlier remarks on the limits of reflationary policies nationally, it remains the case that both the London and the British economy are well within those limits. Had local authorities a measure of monetary as well as fiscal power, we could undoubtedly contribute to a lowering of employment through the housing, and general infrastructure building programme which we have been developing in EPG. The experience of the Austrian local council at Worgl in 1933, rapidly adopted in a score of American cities in the same year, showed the considerable employment effects from such a programme funded by a local currency. Properly constituted, via an inconvertible credit card, a local currency would also be a way of re-assembling wasted resources into productive use quite separate from the sterling market economy. The hostility of the Austrian and American central banks in 1934 to such monetary autonomy, in the face of the clear evidence of its success, would no doubt be paralled in London fifty years later.

21 In the face of such limits on monetary and fiscal powers, most local authorities have confined their interventions to a different branch of circulation: the provision of cheap finance to private firms, and some services and property thought necessary for the adequate working of the market. These policies when aimed at footloose industry, beckoned with advertising campaigns, grants, cheap factory premises, and, too often, a cheap labour force, are not merely beggar my neighbour policies that mean every job gained is a job lost elsewhere. They have created a competitive economy among local authorities which involves a bidding down of the net tax paid by such enterprises (net tax being tax paid less grants) and a consequent shifting of the burden of tax to other sections of the economy less able to benefit from such inter state competition.

In as much as policies aimed at 'massaging the market' do not involve such unproductive fiscal competition, their net employment effect will be low if not zero. This is particularly true when these policies are directed at small firms, (through the provision of business advice, small premises, some financial aid) where not only will every job created usually mean a job lost, but in a number of branches of production (such as maintenance or transport) it will mean the substitution of a fragmented job for one which was previously part of a larger, organised enterprise. Certainly these policies rarely have any serious impact on the restructuring of production.

22 We now turn to the question of a strategy for production. First, we focus on the question of a general strategy around the direct organisation of labour. In as much as current monetarist policy is aimed directly at the power of organised labour, and at the living standards of all labour, we could use as our criteria of intervention the relative strength of the labour force. We have to-date tried to cover all fronts: strengthening areas of weak labour, particularly among women, defending jobs in factories with strong trade unions traditions, and the position of local state workers threatened with privatisation. But a strategy which tries to advance on all fronts with limited forces is likely to have less impact than one which concentrates its attack. Our idea of the exemplary project has helped us not to face these difficulties: such projects are important ideologically, as part of the demonstration of possibility, but they are necessarily isolated in the face of strong tides.

23 We have discussed three alternative approaches within this broader strategy:-

- (a) we should aim to extend the benefits of existing labour organisations to the unorganised; for example we have been discussing a project on a co-operative information centre which aims to pre-empt individualised clerical homeworking by making sure such subcontract work is undertaken collectively. Another direction in which we are moving is the area of cleaning, and supporting initiatives to improve the conditions and pay of cleaners. Our policies on co-operatives, on domestic labour, and on retailing all have the improvement of the organisation and the working lives of fragmented people at the centre of their concerns. Against this background, a job gained in an organised sector is not justified if it implies a job lost in the unorganised sector. Nor would it be an argument for intervention that saving a factory in London with a tradition of strong labour meant avoiding its move to a rural area with weak labour. A less organised (often women) worker in Newbury is of equal worth to an organised (male) worker in Park Royal;

- (b) we should defend at all costs the heart of the London industrial labour movement. For this reason the maintenance of manufacturing in London is crucial: engineering, food, the major factories rather than the small workshops. To this end all our resources should be aimed at the larger plants: through the early earning system, grants for the redevelopment of obsolete factories, support of workforce strategies for the defense of jobs. A job saved in Ford is worth a job foregone in a greenfield site in Flanders;

- (c) since the public sector workers are the major part of the labour movement which monetarism has so far failed to break, our efforts should be concentrated on the resistance to privatisation, and the development of well organised, responsive and democratic direct labour organisations.

24 The I&E Committee have followed all three courses, but as a group we have been too busy to think through some of the problems of each policy. One example has come up in the discussions on privatisation and on printing, in relation to the position of black people. Privatised refuse collection has opened up work for black people who found it difficult to get work in council refuse services, as they have done in printing. Similarly we have never reached a common position on the question of whether a job should be saved in a strong sector rather than a weak one. My own view is that saving 'strong' jobs is both justified and central. The main economic issue now facing the labour movement is the continued erosion of its power. We are engaged in a defensive campaign, which should be concentrated on the areas of still existing strength, on the condition that these areas open themselves up to black people and women.

25 I have put the approach from the viewpoint of labour first since it is our starting point. Yet it is necessarily limited, because it says nothing about how the basis of labour's power is reproduced. If the long term investment of the economy is away from a particular industry, labour - however well organised - will be left holding a position when the battle has moved elsewhere. As well as the strengths and weaknesses of labour we must also take account of the strengths and weaknesses of capital. At a micro level this will emerge in the process of investigation of any particular company: many of the capital goods industries have been more severely hit by the recession than consumer goods sectors, and may be in more severe cash difficulties as a result. A number of the negotiations with large companies on which we have been or are engaged have been with those firms forced to consider our terms because of the threat of extinction. But there is also a more general issue of how sectors may continue to exist and under what conditions. There is the question of restructuring.

III

RESTRUCTURING FOR LABOUR

- 26 In the previous section I suggested that any agency which lacked the power of money creation on the one hand, and which could not create an alternative economy quite separate from the market on the other, would necessarily be limited in the effect it could have on the creation of jobs which did not involve the destruction (or non creation) of jobs elsewhere. The current administration's policy of industrial investments from the rates, and the development of investment packages which bring back into production otherwise effectively hoarded private finance are two ways in which an overall net expansion of jobs can be achieved. Traditional local authority economic policy based on what we might call levy-bounty (or tax-grant) competition, plus support for the market, can be expected to have little if any expansionary effect of this kind. The only rationale for such policies is a type of local economic nationalism, where employment departments fight for jobs regardless of the effects on other areas, and the devil takes the hindmost. Such beggar my neighbour policies are explicitly rejected in current Council policy.
- 27 A second strategic consideration was not the quantity of net jobs, but the quality of the jobs saved or created, when quality is defined in terms of the relative strength of labour organisation.
- 28 In this section I want to take this point about 'production' further and suggested that the key economic issue which we should address is how London's economy is being restructured. It involves the issue of labour's organised strength, but it goes much wider than this. It recognises the force of the incessant economic and political attack of market criteria on any alternative economic project. What it seeks to do is to challenge the way in which the market bears down upon production, on what is produced, how it is produced, and where.

29 The current crisis involves a major restructuring of London's economy. We can distinguish six distinct aspects of this restructuring:

- (a) transformation of the process of production, involving the increasing automation of design, production itself, and the whole sphere of enterprise co-ordination. Computer aided design, numerically controlled machine tools for batch production, and the introduction of the computer into business management, have all led to labour displacement, deskilling, tighter labour control, and a discontinuous increase in the speed of the circulation of capital. The principles of flow line production itself have been extended through the substitution of electronic for electromechanical products, flowline rather than nodal shopping and so on;
- (b) this has led to a restructuring of the labour force, a massive deskilling, and move towards temporary, part-time shift, and often more stressful work for those who can still find a job. At the same time there has been an expansion of particular types of skilled work, maintenance, design, programming and so on. Some of these jobs are themselves now subject to automation. STC possess what is referred to as the new white collar production line in north London, containing many hundreds of computer programmers working on secondary programming for telephone exchanges. Architectural offices with more than 200 workers are now being re-organised round computer aided design machinery (leading to an extension of working hours, including night time working). One measure of the change in the labour force is the decline of 1.3 million in the number of manual blue collar workers in London between 1973 and 1982, and the growth of 1.3 million white collar staff;
- (c) a shift in the balance between departments of the economy. With the development of new systems of production and control, the leading edge of competition in many industries is switching from direct production itself to the design of new products and processes on the one hand, and the sale of the increasing mass of products on the other. In the USA General Electric is restructuring its world wide operations around the design and servicing of automatic factory systems. IBM, ATT&T, ITT, Xerox, RCA, Kodak, are engaged in a massive battle for the design and control of new integrated information processing and communications systems. Old imperial primary producers are withdrawing from the awkwardness

of direct production to the provision of technical services, marketing and financial skills, and the production of synthetics (Tate and Lyle, Dunlop). The battle is in the area of software, which can then command the technological profits for the whole of the sector. Just as machinery manufacturers have been able to control whole industries through their technology (in the canning industry, matchmaking, ball bearings, biscuit production, telephone exchanges) so now this capacity to 'subcontract' production - even to the workers themselves - is spreading. The consolidation of control of a whole system, has meant that individual parts of production can be decentralised, locationally, managerially, even by ownership. We can refer to this as neo-Fordism. In the statistics these changes show up in part as a shift from manufacturing to services. In fact we can see a much closer integration of certain 'conditions' of production with production itself (design, market research, maintenance and advertising (itself a form of automated marketing);

- (d) a restructuring of location. London's loss of manufacturing industry has been variously ascribed to the cost of land, of wages, and of labour organisation. These have undoubtedly been factors, but many of them applied in the 1930's when London was attracting manufacturing rather than losing it. One of the most significant changes which has occurred in the last 50 years is the shift in the range, significance and type of markets. The main reason London has attracted production was its focus of markets: for consumer goods, for skilled labour, for specialist products and skills of every kind, for finance and other services. Modern automated production relies less on a pool of skilled production workers. Its inputs and products are increasingly supplied by the parent firm (markets have been internalised), final products sold on the market have now a much wider range than can be supplied by a local catchment area even of the size of London. If we consider those industries which have remained in London, (clothing, quick turnover business print, national newspaper production, engineering and furniture firms still dependent on particular skills) then what is common to them all is their close ties to London because of its markets or its position at the hub of national and international distribution systems. The sectors which have grown in the private economy are those with a particular dependence on unpredictable or specialised markets - finance, many parts of the cultural industries, engineering and architecture, computer software, business consultancy and so on. London's economy has changed in part because the locus of markets has changed;

(e) a restructuring of the infrastructure: energy, telecommunications, transport, (by sea, air, rail and road and the balance between them);

(f) a restructuring of the mode of consumption. In the 1930's a key to London's development was that the workers in the new mass produced industries were in part the consumers of the new consumer durables they produced, and demanded the houses to go with it. Now the home is changing from a site of consumer machines to a zone of relative autonomy from the tyranny of production. The Fordist home is replaced by the modular, neo-Fordist one, with the demand for space. Alongside this has gone a restructuring of domestic life: changes in work patterns have contributed to the extension of unsocial hours, the displacement of production from the home (particularly in food), and the straining of personal relations (it is striking that 70% of households in London have only one or two members).

30 The main thesis on which we should base our strategy is that this massive historical process need not take place in any one way. Monetarism aims to restructure by the market. Technology is developed both to speed up and control. Energy is restructured around nuclear power to weaken the coal industry (if we are to believe cabinet minutes) as well as to foster the development of the nuclear power industry in the USA, and its exports from Britain. Telecommunications is being restructured around the corporate needs of the major information and communication multinationals, television around the requirements of cultural multinationals, the electric goods industry, and consumer goods more generally. Already we have shown that there is no necessity in these paths. Cable is being developed in quite different ways in France and the USA, and could be developed in yet a third way in this country. The rates of return on a programme of CHP and energy conservation we have shown to be equal to those on nuclear power, even on the CEEB's own optimistic estimates, and leaving out of account the social accounting of employment and pollution. Mike Cooley and Professor Howard Rosenbrock have demonstrated a similar thesis with respect to the numerically controlled lathe, and the automatic factory. Our work in Docklands has shown that the run down of the docks could be reversed, that there is no necessity for air to replace sea as far as East London is concerned. A similar picture is emerging from our work on retailing, on training, and on catering.

- 31 The point in all these cases is that our initiatives do not run counter to the international law of value. They are as technically 'efficient' as capital's version of restructuring. What all of them imply is a quite different product, technology, and conditions for labour. This is why I refer to them as restructuring for labour. It is a restructuring bound by the limits of capital accumulation and its imperatives. But it is one which seeks to contribute to the strengthening of labour within and beyond that process.
- 32 The first step of our strategy is to ask of each project, or sector which comes before us, how is capital restructuring, and what alternative can those who work in the industry, with Council support, devise in opposition. This is a task of detail, whose success depends on the knowledge and imagination of those who work in the industry, with the research back up of both Council and GLEB strategy researchers. Understanding the trends and course of capital's restructuring is a necessary step, but it is not sufficient. Equally alternatives which take no account of the 'grain' of the industry will also be limited.
- 33 In most cases we are forced to consider such alternatives not just at the level of the plant, or the company, but of the branch as a whole. This has been clearest in the case of our interventions in furniture. In other sectors private capital and the government are acknowledging the inadequacy of the market. The Department of Industry employed Lazards to restructure the foundry industry, and Touche Ross to restructure the wire drawing industry. It is open to us to operate on a similar canvas but in a quite different way.
- 34 Innovations are almost always made in practice and only captured theoretically afterwards. Our advances in alternative restructuring has come about in just this manner. I am no more than describing what is already under way. But there are wider issues, beyond the project, and the branch. This is the area of macro economic industrial restructuring. In France the debate has centred on the expansion of world exporters versus import substituters. In the United States, one of the Democratic Party's leading industrial policy makers, Robert Reich, is arguing for a protectionist policy

based on high value added rather than defense of the old industries. The point in relation to our work is not to pick the winners, identifying the new industries and abandoning the old. The old industries in London, food, furniture, clothing, engineering, are all subject to major restructuring. They are themselves being made new. We need to affect how this takes place, and in order to do so it may well be that we have to address the links between the so called new industries and new processes (micro electronics, bio technology), and their bearing on the production for old and enduring needs.

35 What we can say is that there are fields in which our intervention will be critical. One is the new technologies. If new ways of working are frozen into a computer package by a programmer, then it is critical that our alternatives are embodied in software. Extending the control of workers in the process of production means now controlling the production of software. The development of software capacity becomes a central priority for our broader strategic project. The same is true of technology more generally. The technology networks are not merely a nod towards the importance of new technology but a capacity to affect what technology is developed and how. How can point of sale systems in retailing be designed which improve the efficiency of stock control and checking out, without further tyrannising each pore of labour of those who work with them? How can cable technology develop in a way which will prevent our isolation, extend our ear and voices, rather than our capacity to receive advertisements?

36 Secondly, there are sectors which for reasons of their low productivity and the difficulty of circulating their output via the market, have tended to be the responsibility of the state. New technology is now opening up the possibility of substantial increases in productivity (consider the Open University for example). There are growing interests for making commodities of these services and marrying them to the market. Health and education are the two areas where capital's eyes are most sharply trained, both of which have major employment in London. Given that these and other services are often more open to public policy (some services are the responsibility of the GLC) and given the relative strength of labour in these sectors, alternatives to privatised restructuring are particularly urgent.

37 Thirdly, there is the area of office employment. There are 1½ million office workers in London, whose lives stand to be changed as profoundly as those of the hand loom weavers 150 years ago, or the shop assistants in the last decade. Our first questions on restructuring in this field will be discussed this afternoon.

38 The above approach implies giving less priority to sectors where restructuring is not so marked: tourism, restaurants, small scale production.

Conclusions

39 In this paper I have discussed the question of industrial strategy from three points of view:

(i) employment

(ii) the organisation of labour

(iii) the nature of the restructuring that is now taking place in London

Each raises its own questions about strategy. None are separate. In particular, the approach we have described as restructuring for labour is aimed to support and strengthen the level of labour organisation, and to provide the material basis for labour's organisation to be maintained. Just as the power of the print unions (and the structure of those unions) reflected in part the monopoly power of the major national newspapers, so the strength and competitiveness of an industry is a requirement for the reproduction of labour's power within that industry. Similarly, the improvements in productivity which we can envisage from an alternative restructuring of industry, will tend to expand employment over and above the financial (quasi-Keynesian effects) which we discussed earlier.

40 Too often employment policy is pursued quite separately from issues of accumulation. Yet the overall level of employment in the end depends above all on accumulation. What the argument of this paper suggests is that accumulation can take place in different ways, and that an economic strategy starting from the goals of the current administration cannot ignore the issues of accumulation (and international competition) but must rather provide clear alternative paths to those being driven through by the present government.

- 41 This perspective also helps us to answer the difficult question we raised in relation to the implications of our interventions on other workers. A job created through our interventions may imply a job lost or foregone elsewhere: but it is not just a question then of balancing a strong job against a weak one, but of supporting a job as part of a process of restructuring which we hope will be capable of generalisation if appropriate political and trade union power occupies wider areas than it does now.
- 42 It will also be clear that the approach has major implications for how our strategy is produced. It requires the closest co-operation between the strategy workers, the workers in the industry, and the leading points of intervention in both GLEB and the GLC. The strategy is about detail, and about practise. This is the meaning we give to popular planning.
- 43 The answer to the question posed in the first part of the paper - the nature of a production plan - I hope is a little clearer. The current administration have played a pioneering role in the discussion and practise of how social control of the economy can be extended effectively. The next task is the elaboration of an alternative strategy for labour in each sector and branch of the economy, to guide the new unity which is growing between industrial and political power.

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