

# The real reason why Leyland axed Speke

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**This company is the weak link in the chain of European car production. Its workforce is regularly blamed: but Speke was a crisis of management and design.**

On 26 May 1978, British Leyland's Speke No. 2 plant in Liverpool closed down. The last TR7 had rolled off the assembly line. Three thousand of the most highly paid workers on Merseyside were unemployed. The effect of the closure upon the Merseyside economy and upon the men themselves has still to be counted. As one man put it: "The bitterness hasn't set in yet. You'll have to wait six months until you see the bitterness."

The closure has left a lot of people angry and confused. Angry particularly because of the way they have been manipulated by the corporation bosses. Confused to know why a brand-new plant should be put up and closed down in under ten years; to stand idle and empty on the edge of Liverpool. "It's the waste that gets me. The amount of money—public money—that must have gone into that place." More than anything else, though, they are resentful of the way they were set up and "let down very badly by our own people."

For the past ten years a crisis has been building up within the European motor industry. The deeper it becomes, the more intense is the competition between the auto giants for their place in the reconstructed industry. The Peugeot-Citroen deal with Chrysler is certainly the first of many upheavals. There can be little doubt that by the mid-eighties, when the dust has settled, there will be just six corporations operating within Europe: two American, two Japanese and two European. It is within this context that the domestic crisis of British Leyland needs to be assessed. Given the current policies being followed, there is no chance that Leyland will remain one of the European producers.

In these circumstances it seems important that the closure itself—and the logic which produced it—be subjected to close examination and discussion. The future of British Leyland is intricately tied up with the policy of the National Enterprise Board and of the Labour government. The Speke closure serves to highlight these policies and to put into focus the kind of "rationalisation" that is being applied within the company.

British Leyland is almost wholly owned by the NEB, an institution which formed the basis of the industrial strategy in the 1973 Labour manifesto. However, by 1975 (see Tom Forester, *NEW SOCIETY*, 6 July 1978), Benn had been replaced by Varley and the NEB scaled down in both purpose his deputy, Sir Leslie Murphy. The board, like the various committees established under its umbrella, was made up of a collection of businessmen, merchant bankers and trade union officials. Under this direction it has, in the words of its present chairman, increasingly seen its role to involve merely "the provision of finance for industrial investment." The NEB would resell its holdings if they became marketable. Thus Sir Richard Dobson, the first chairman of British Leyland appointed by the board, said: "It was better for Leyland to have a

businessman and a Tory at the head of it than to have a civil servant or even a committed socialist. My dream would be to see Leyland so profitable that its shares could again be distributed, perhaps under a different government, perhaps under a similar one, to the general public as a worthwhile investment."

This philosophy was embraced by his successor, Michael Edwardes, and—it would seem—by the Labour government. In January the *Economist* was reporting the view that Edwardes "may have had the nod from Callaghan to play it tough." Certainly that was the message he conveyed in his first meeting with the national union officials. "I do not propose to manage by confrontation. The style of management will be participative, but we haven't got time and we can't have prolonged discussions—decisions must be made fast."

The car division (the group basis for Ryder's expansion of volume production) was to be split once again, and profit centres established. Loss makers were to be identified and weeded out. After the meeting, Grenville Hawley of the rcgwu described the situation as "rather fluid." John Rowan of TASS put it more forcefully: "The company is being chopped up so that its enemies can pull it to bits, piecemeal . . . Leyland cars is [already] too small in international terms, and to make it smaller will make it weaker and easier to kill." And Speke was the first to be killed.

The Standard Triumph Motor Company, which became part of British Leyland, had its historical roots in the midlands. In the 1950s it acquired a factory on the Speke estate in Liverpool and expanded it to produce Merseyside's first car plant—the Speke No. 1 plant which is made up of a press shop and a body plant. It was towards this estate that the company turned when it decided to build a new assembly plant in the 1960s. But while Ford (at Halewood) and General Motors (at Ellsmere Port) established integrated production units on their new sites, the Speke estate had a very temporary (and undercapitalised) look about it.

The new plant consisted of a body plant, a paint shop, and a trim and final assembly plant. The site as a whole relied upon the plants in the midlands for axles, engines and transmission units. But for many years Speke never operated as an integrated production unit. Rather, assembly production was split between the Speke No. 2 plant and the other assembly plant at Canley, near Coventry.

The TR6, the Stag and the Dolomite range were all part-produced at Speke and shipped on rail (in various stages of completion) to the midlands to be finished. It was not until the early 1970s, with the production of the Toledo, that the Speke plant produced a motor car on wheels. Speke typified the problems of British Leyland—undercapitalised, unintegrated production and organisation.

But "rationalisation" under capitalism is no

neutral process. At Speke (as within Leyland generally) it was accompanied by the increasing Fordisation of management practices. For one thing management personnel altered: "This place was friendly once but it isn't now. They started bringing departmental managers in from the American firms. When they started coming in, I could see a change in the system. It didn't happen overnight but it gradually turned into a system which I used to see in Fords. As soon as a manager came on the scene, the foremen shit themselves."

This change in management personnel built upon another change that had been implemented before the crash. Traditionally, British Leyland, like other engineering firms in this country, has paid wages through a form of piecework. Payment by the piece means what it says. You get paid according to the number of units (or pieces) you produce. This way you can (to an extent) run the job to your own pace—faster or slower. You can take breaks because (in the theory of it) the loss is your own. Detailed supervision of jobs has no part to play.

For these reasons, Ford has never paid piece rates. For these reasons, too, British Leyland was determined in the 1970s to replace this payment system with a fixed hourly rate, introduced under a measured day work system. Such a system was introduced into the two Speke plants in November 1973, and included a "mutuality clause" which allowed for consultation over the job timings.

The third change which took place at Speke in the 1970s related directly to the introduction of the TR7 and the rationalisation of models throughout the group. In this programme, Speke was to cease being a part-production plant and become "a dedicated sports car manufacturing location." In this way the future of the No. 2 plant became intricately bound up with the TR7 sports car. At Leyland "rationalisation of the model range" was a necessary prerequisite for identifying profit centres; for thinning out the dead wood; for redundancy and closure. The switch was a two-sided process. On the one hand, the No. 2 plant produced a car from start to finish; on the other, the entire Dolomite range of cars (whose bodies are pressed in the No. 1 plant) was transferred to Coventry for painting and assembly, and the TR6 and the Stag were phased out. But nothing was left to fill that capacity. "When the TR6 finished, the trim deck was left idle for two years until the closure; the Stag trim and 'body in white' areas were also left idle for a year after the Stag finished. While I agree with Ryder's concept of 'rationalising the model range,' that wasn't what happened at Speke. It was more like 'rundown.'"

The plant, therefore, with enormous spare capacity, rested upon the market performance of one product. It would have needed a good car to carry that burden. The TR7 (pre-production name, the Bullet) was produced with a left-hand drive and directed toward the sports car loving American rich. Its advertising campaign—with wedge-shaped garages—stressed the car's revolutionary features; the TR7 was part of a new, dynamic, expensive world. But it was a flop.

The company's point-by-point (and little publicised) explanation for the closure regularly turned upon the market performance of the TR7: "profitability of sports car business, particularly in the US . . . has been declining over the past few years. TR7 has not proved acceptable in the US (only 6 per cent of buyers would buy another one)."

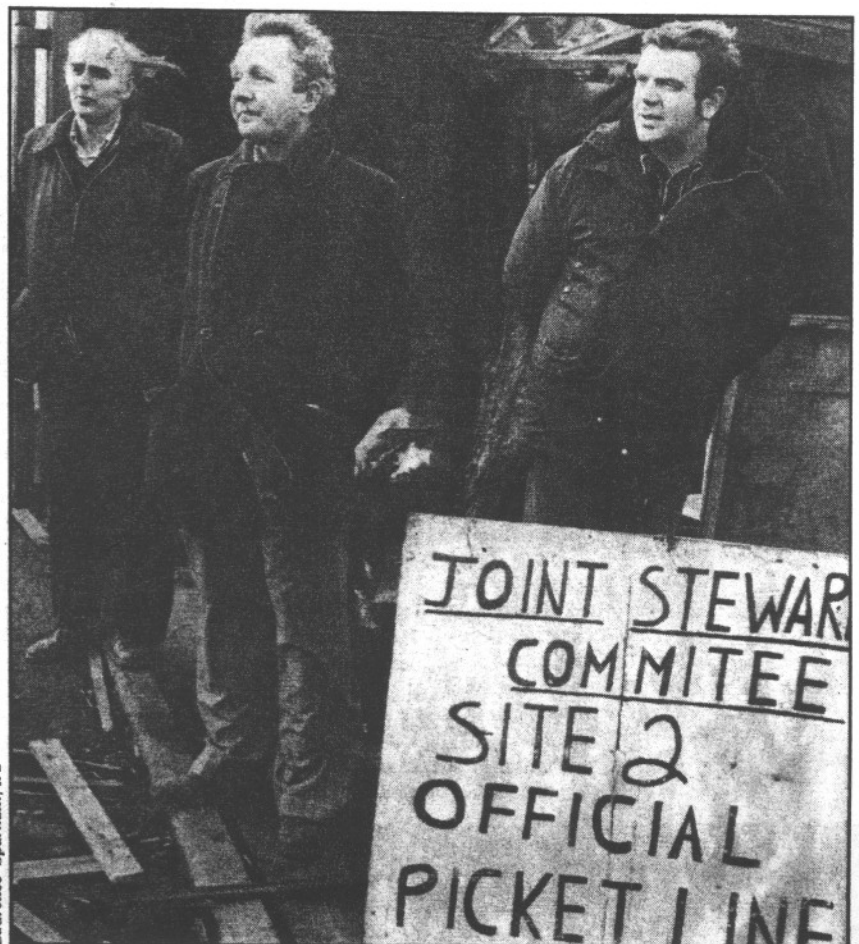
Much of this has to do with the overall design of the car. The production of a hard-top model is

perhaps the most glaring mistake, but there were many more. The car was not fitted with a radio, it was under-powered, its specifications were altered almost in panic. Orders for the TR7 were not supplied on telex print-out but telephoned through from the midlands. "With Ford's you'd get a telex, all the car numbers on, destination, everything. The TR7 was ordered on the bleeding telephone! The possibility for error was amazing. And by the time you find it out the car with the wrong emission system is being knocked back at a showroom in California or somewhere."

All this wasn't helped by the report on British Leyland published by Ralph Nader's organisation. It concluded that there were 27 important defects in four models sold in the US and argued that British Leyland, "in addition to its callous disregard of owner complaints and warranty claims, has consistently exported to the United States passenger vehicles which present an unreasonable risk of accidents occurring as the result of design, construction or performance." The company recognised that "to compete we have to hold the prices down to maintain required sale volume" but "movement in the dollar/pound rate of exchange (a movement which pushed the price up) affected the position dramatically." In effect the company needed to cut the price of the TR7: something which would have put even more pressure upon a plant producing at only a fraction of its capacity.

Given the enormity of the problems created by the design and marketing of the TR7, it is ironic that so much attention has been directed at production problems at Speke. In the television programme *Tonight*, broadcast on the evening that Edwardes announced the closure of the plant, the business journalist, Graham Turner, roundly

Striking to work: the picket at Speke No. 2 plant in January 1978



Laurence Sparham/ITL

attacked the Liverpool workforce. Production was poor, manning levels were too high, as was absenteeism and strike action. After all, the plant had been on strike for 16 weeks—and right through Christmas! To him the implication was clear. The Liverpool workers were maniacs who had brought down the plant around their heads. The company spokesman was rather more guarded, speaking of the "low quality and reliability" of the plant.

The workers, however, tell a rather different story. They argue that the TR7 was a problem from the word go. The problems created in the market created problems in the plant as specifications were altered almost daily. And each change meant an altered job. "There'd been about 3,000 engineering changes on the TR7 alone. They didn't even have an up-to-date wiring diagram for the actual car, there was that many different modifications made to the wiring system of the car."

Men talk—almost wide-eyed—of the production cock-ups. They tell of TR7 prototypes, with wind-cooled engines—being ruined as they were tested on the roller beds. "We said to them: 'You'll need a wind tunnel with that.' They didn't listen." They tell of production scheduling getting out of sequence. "One particular time sticks in my mind—50 cars went down the line out of sequence with the tyres. They had to change the tyres on 50 cars." People talk of duff engines arriving to be installed, untested and dismantled again in the garage, of a shortage of left side panels being rectified with even more right side panels, of roof leaks splashing onto newly painted body shells. "You could fill a book with the cock-ups alone."

There was more going on here than the occasional mistake. And under the measured day work system mistakes became intensified. This system, remember, was introduced into British Leyland by management as a means of obtaining a more detailed control over the work process and to increase production. One man explains how: "Under measured day work, the top management put the fear of Christ up the foremen. All the foremen had got to do was get the production through, keep the line going and get the car from A to Z and once they've passed it on to the next department or to the next foreman they've done their job and got it away. It's like terror tactics if you like."

Under these "terror tactics" the foremen would go to any lengths to get the cars through their sections. Quality became a secondary concern. "When we started on TR7, I actually saw cars in the body plant which had literally burst like a bloody balloon. They'd been forced together in such a way that the welds weren't in the right position and the panels had been pushed together with a bar when they didn't fit correctly. The whole thing had been forced together with bars and so on, and when the damn thing got all welded together it just went buff . . . it just exploded."

Given the pressure, no one would stop the line, no matter what. Such a system will work tolerably well if it is supported by a detailed and co-ordinated ancillary structure. Without that it becomes chaos. "Nobody would take responsibility for stopping the line and sorting the job out. And consequently the cars that came off were just rubbish. There was all sorts missing off them . . . You would just shove it out on the car park and then bring it back in, you know, maybe five or six weeks later."

At Ford the quality control department is a power centre within the production departments. Nothing could be further from the Speke situa-

tion. "You'd get the quality control fellows sticking on the OK label—and I've actually seen foremen changing the labels that's on them."

And what could you do? "If you were seeing something that was wrong, there was nothing you could do about it because all you could do was say to your foreman such and such is wrong or whatever and he'd go, 'Oh, it's nothing to do with me,' like. And that was about as far as you could get. You couldn't go up to him and get hold of him by the throat and say, 'Look you know this is wrong,' like! Although I often wanted to."

At Speke, the workers feel they missed out in all directions. The plant was built as—and to the last remained—a part-production plant. Only one line carried the car through the plant from start to finish; on the others, the body shell was transported by forklift trucks. The plant never approached a level of output near the 1,950 cars a week target. Manning levels were negotiated (and on the company's own evidence these were particularly *tight* levels) on the basis of 17 cars an hour. Even that rate wasn't reached. On the basis of their own experience, the workers are convinced that the plant was incapable of taking, and the management incapable of organising, production at that rate under a measured day work system. With "high morale" and lots of "good will" management might have got away with it. But such "morale" doesn't fall from the skies. It isn't helped by working on a car that is changed every week, supervised by foremen scared by "terror tactics." Neither is it helped when workers are convinced (on sound evidence) that management doesn't give a damn about them: dirty scousers. "Pride and dignity didn't come into it with those fellas. All they'd say was, 'Look at the money you're getting'; as if we weren't worth a decent life sort of thing."

This attitude combined with the general inefficiency to produce a situation which was difficult to tolerate. "There were all sorts of little things. There was always something *wrong* in that factory. Your pay would never be right, and you could never get it sorted out. The canteen arrangements were terrible. There were no welfare facilities whatsoever—no one you could go to see if you had a problem, or need a sub. They couldn't even organise our redundancy payment properly. We just had one cheque with no explanation. It was just a 'don't care' sort of place."

It is with irony, and not a little anger, that these men can note that while they are on the dole the managers have been redeployed throughout the company. The Speke experience has also made it clear that if workers are to get involved in the planning of production (and they couldn't make a worse job of the responsibility than Leyland management) then it will need to be on their own, and not the bosses', terms. Late in the day at Speke, the stewards discussed the possibility of producing an invalid car. Then they talked with Eddie Loyden, the local MP, about opening up the plant with alternative products—such as a low pollution engine car—produced jointly with the workers at the local Lucas Aerospace factory.

British Leyland is the weak link in the chain of automobile production in Europe. This weakness, however, could be turned into a strength if it leads to a questioning of the *direction* which is taken by industrial planning in this country, and suggests an alternative. In this process, a genuine *workers'* plan for the motor industry and for transport could play a vital part. The Speke workers' experience would then at least have helped in this struggle.