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B.SC.(HONS),C.ENG.,F.I.MECH.E.,F.I.P.E.
CHAIRMAN AND MANAGING DIRECTOR



28th January 1981.

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Japan file
for visit.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON.

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Dear Prime Minister,

Mr. James Pawsey, who as Member of Parliament for Rugby, represents the constituency in which our Ryton Car Assembly Plant is located has asked for my views on certain aspects of the Japanese car industry in the light of correspondence between him and yourself.

I am attaching, for your information, a copy of my letter to Mr. Pawsey which I felt you might wish to read in view of your special interest in the question of productivity in Britain compared with that of other nations.

Yours sincerely,

George Turnbull
G. H. Turnbull

Enc.

TALBOT MOTOR COMPANY LIMITED

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28th January 1981.

Mr. J. F. Pawsey, M.P.,
House of Commons,
LONDON,
SW1A 0AA.

Dear Mr. Pawsey,

Thank you very much for your letter together with the correspondence between yourself and the Prime Minister.

Whilst I do not think I have seen the particular report to which you refer in your letter I have seen the report prepared by Bill Hayden of Ford which he circulated to his senior management and which would appear, from what you say, to have formed the basis of the presentation to the House of Commons All Party Motor Industry Group. It certainly indicates that Ford see the Japanese problem in exactly the same way as we do.

I share the Prime Minister's view that cultural attitudes are a contributory factor in explaining why Japanese productivity is so high but like Mrs. Thatcher, I believe that the cultural contribution should not be over-exaggerated. Discipline which is at the heart of the matter is not by any means a Japanese monopoly.

I have visited a number of major Japanese automotive plants and believe that other important contributory factors include a high degree of automation on the shop floor, which is the result of extensive and planned investment, a highly supportive and consistent government attitude to the motor industry and a very realistic and practical approach by the trade unions and the workforce.

Whilst many European and American companies have had similar planned investment programmes to the Japanese, they have not been able to match the fundamental and practical attitudes of the Japanese labour force. There is absolutely no doubt whatsoever that practical manpower utilisation practiced in the Japanese motor industry is the overriding factor in achieving higher productivity. There is, in Japan an understanding that there is a virtue in producing more cars with less people and this has led in turn to fundamental changes in thinking about job content. It is viewed in a way which, if repeated in the U.K. with present attitudes, would rapidly put trade unions into conflict with each other.

As an example work which we would categorise as highly skilled, semi-skilled and unskilled are often grouped together and undertaken by one individual. It has resulted in dramatic changes in manning and labour flexibility.

Education is another factor. The standard of education of many employees at Japanese car plants is extremely high and it is quite common to see personnel educated to High School level and beyond undertaking manual work. In addition extensive post-recruitment employee-orientation programmes are very common.

During my two years at Talbot I have made productivity a major priority and, as you say in your letter, we have managed to make improvements in excess of 20 per cent. Whilst this has brought us much closer to the levels of our European counterparts, very much bigger improvements still need to be made if we are to be truly competitive in international terms. This is a message I have constantly emphasised in my regular meetings with employees and trade unions.

The rewards for substantial improvements in productivity, as the Prime Minister rightly points out, will be higher wages in real terms and better job security.

I, of course, share the very real concern about the high level of Japanese imports into this country. The current informal understanding between the Society of Motor Manufacturers and Traders and JAMA, its Japanese counterpart, seeks to impose limits on penetration levels in this country. Naturally as a member of the SMMT delegation at the next round of discussions in Portugal next week I hope that this understanding continues to be honoured by the Japanese manufacturers because we must face up to the fact that if they do not contrive to co-operate the whole of the United Kingdom motor industry must be at risk.

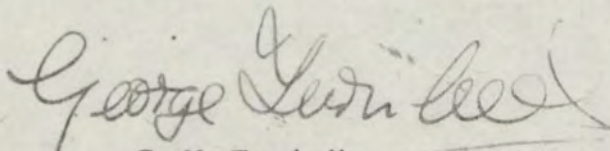
In the meantime we must use the period of co-operation to address ourselves to the task of trying to convince the Trades Unions and employees that they need to face some fundamental changes in attitudes and accept that all types of demarcation must go.

The Japanese management and workers attitude to quality is also another significant contributory factor and gives a double benefit ; much better quality and almost negligible numbers of inspectors and quality control staff.

I could go on illustrating the differences between the Japanese motor industry and the rest of the world and it all adds up to more cars and less people to make them. Ratios of 3 : 1 in favour of the Japanese compared with best German car companies and 6 : 1 when compared with the U.K. Perhaps in more recent time the gap has been narrowed to 5 : 1 but as you well realise that to catch up in the short term is almost impossible.

Thank you again for the opportunity to comment on the correspondence.

Yours sincerely,



G. H. Turnbull



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10 DOWNING STREET

PRIME MINISTER

You might like to look at
this letter from George
Turnbull about the performance
of Japanese motor manufacturers.
I have acknowledged on your
behalf.

MS

3 February 1981