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THESIS FOR THE DEGREE OF MASTER OF ARTS.

DURHAM UNIVERSITY 1993.

**CHANGING EMPLOYMENT RELATIONS IN A LOCAL LABOUR MARKET :
CONSETT AFTER THE CLOSURE.**

SUBMITTED BY DAVID WRAY.

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14 JAN 1994

FOR THE WORKERS.

ACKNOWLEDGEMENTS.

I would like to thank Richard Brown for all the help and advice he has given me throughout this project. I have constantly been amazed at the depth of his knowledge, not only of the world of work, but also of the literature available on the subject, most of which he suggested I read. I must also give thanks to my colleague and friend John Stirling for his interest and encouragement. Finally, and most of all, to Dorothy, for all the neglect.

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INTRODUCTION.

Relations between employers and workers are never static, but are subject to both long and short term influences. In the shorter term, those relations are influenced and constrained by a host of social, economic, and political factors, ...

(Dastmalchian et al. 1991 p. 10)

... there have been important changes in where people work, how they work and if they work. Far from representing the dawn of the post-industrial era based on slave robots and offering the life of the Athenian elite to humankind, it is perfectly clear that these changes have been for the worse.

(Byrne and Parson in Anderson et.al. 1983. p. 127)

This thesis stems from a life time spent in the town of Consett, where like every other inhabitant, my life had been touched, if not shaped, by the particular culture that evolved along with the iron and steel works that called the town into existence in the middle of the last century. When, in October 1980, those iron and steel works closed, people began to talk in terms of 'a way of life being lost' or using phrases such as 'we have lost more than the jobs'. Whatever these losses were, they were obviously greater than the simple loss of employment or the wages that employment earned. Those prevailing feelings of loss were, perhaps best, summed up by Rev. Fr. J. Docherty, a local Catholic priest, who stated, on a march through the town as part of the campaign to save the plant, that ...

This is ... a march for our community and our way of life, which takes generations to build but only a moment to destroy.

(Northern Echo 15th. March 1980)

From these statements it can, I think, be concluded that there is an influential relationship between 'occupation' and 'community'. This is borne out by Martin and Fryer who state that a relationship exists which involves a two way process.

... life experiences at work influence attitudes and behaviour outside work, whilst experience outside influences attitudes and behaviours at work. (1973. p. 46.)

The influences of the iron and steel works manifest themselves as a very powerful cohesive force in the community, with people gaining a sense of 'place' in that community from their relationship to the works. It was the loss of this cohesive force that brought the ill-defined descriptions of 'loss' described above, usually defined in terms of loss to the community. The question never asked at the time was: what has been the loss to the occupational side of that relationship in terms of the particular set of employment relations that existed within the plant that were rendered redundant along with the jobs?

In the years since the closure the local economy of Consett has been 're-generated', although the extent of this re-generation is open to question. (See Hudson and Sadler 1992) Unemployment has gone down from the extreme levels of the early 1980's as other employers have located in the area and people found work. The 'community' still exists, and so presumably does the relationship with 'occupation'. The next questions to be asked are: what is the experience of the workers of Consett now, in terms of the

employment relationship; and what influence have the changes that have taken place in the 'community' had on those experiences? It is with these questions that the thesis is concerned.

These questions, in general terms, have been answered by others, for example Maguire in his study of a factory in Northern Ireland. His findings, which concur with those of Martin and Fryer (1973), suggest that

The locality in which a factory is situated has an important influence on internal plant relations. (1988 p. 71.)

He goes on to argue that in depressed areas

The replication of locality social relations in the workplace had the effect of weakening collective resistance in a plant. Large scale job losses and the introduction of new work practices ... exposed important weaknesses in the structure of workplace organisation. (ibid. p. 71)

To establish the extent and cause of any change in employment relations in Consett it will be necessary to indicate the condition of those relations in the town prior to 1980. This will be accomplished in Chapters One and Two. Chapters Three and Four will establish the extent and form

of any changes taking place in the 'community', both local and national, between 1980 and 1989, the year this study began. Chapters Five and Six will consist of case studies of two of the major employers in the town today, representative of firms that have set up since 1980, to establish the relationships and structures of work in the town today. The thesis will then conclude in Chapter Seven with a critical assessment of the present situation and the possible consequences for workers generally as well as their organisations. These organisations, namely the trade unions, have always played an important part in defining the employment relationship in the town and, as will be seen, have equally been affected by the same external influences as those they would represent.

The methodology used in this study has, for a number of reasons, been qualitative in nature and based on unstructured interviews. The use of unstructured interviews was a deliberate choice. It allowed me to take advantage of my own life experiences which consist of a life time spent living in the town; twenty five years working in industry myself; and a good working knowledge of the local trade union and labour movement. Additionally, unstructured interviews allow the respondent to discuss issues that are important to them which may bring out information that would

otherwise remain unknown, and allow the interviewer to use whatever experience he or she may have of the subject under research. (Bryman 1989. Burgess 1984)

The research is qualitative for two reasons. First, and most importantly, through choice as

... it allows researchers to get close to the data and provides opportunities for them to derive their concepts from the data that are gathered.

(Burgess *ibid.* p. 2-3)

Secondly, the great difficulty I had to get people in the two organisations to talk to me made quantitative research impossible. (1) Within weeks of gaining access to the people in Grorud Engineering Ltd lay-off's were enforced among the production staff, with rumours of more to come. Quite naturally in the circumstances, people felt that talking to me was a risk they were not prepared to take. The day after gaining permission from the management of Derwent Valley Foods to talk to their workforce the firm became involved in a recognition dispute with a trade union. This made me a figure of suspicion for both workers and management. The result of these circumstances was such that the people prepared to risk talking to me were so few in number that quantitative research would have been untenable. However, with

patience and over time, I was able to gain the trust of the people in positions central to the success of the research, and to a number of others who provided valuable information on background and attitudes.

During the course of this thesis I have, in some cases, made use of large sections of interviews. I make no apology for this as I believe the issues raised can best be understood through the words of the respondents rather than through inferences drawn by the interviewer.

NOTES TO INTRODUCTION.

1. For a list of the people interviewed see Appendix 1.

CHAPTER 1.**THE DEVELOPMENT OF THE 'COMPANY' : PATERNALIST
MANAGEMENT AND THE INTERNAL LABOUR MARKET.**

Men make their own history but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past. The tradition of all the dead generations weighs like a nightmare on the brain of the living.

K. Marx, *The Eighteenth Brumaire of Louis Bonaparte*. Selected works 1977 p. 96.



The above quotation from Marx is also used in the introduction to a wonderfully evocative work (at least to this reader) on paternalism in the 19th. Century Durham coalfield. (Austrin & Beynon, 1980.) Its use, as here, is to demonstrate the belief that in order to understand the present we must first understand the past. This is as true for a study of the internal relations of work as it is for any other subject. The development of relations in the work-place, built up over generations, will create traditions, attitudes and beliefs that will shape and influence the internal relations of work for subsequent generations in that labour market. This is especially true of geographically isolated local labour markets such as the one at Consett. It is therefore the intention of this chapter to explore the industrial development of the largest employer in the area, the British Steel Corporation's (B.S.C.) plant in the town. This plant has been, through its almost total domination of the local labour market, the most powerful influence in the development of those traditions, attitudes and beliefs.

During that development there were individual, though complementary, elements of industrial organisation that collectively played a major role in the creation of a distinctive culture and tradition that, arguably, is still

present in the attitudes of workers in the town today.

Two of those elements will be discussed in this chapter: the paternalist management system of the early owners; and the organisation of the labour market within the plant. The third, and perhaps most important element was the development of the trades union movement itself, which will be examined in detail in chapter 2.

One of the first managerial methods, not associated with simple bureaucracy, was that of paternalism, a system under which the employer creates a work-force dependent on him or her for more than just work; for example health care, education, housing, etc. It was a system that transferred family or domestic 'authority' into the workplace as a basis for industrial organisation, with workers seen as little more than children to be looked after and disciplined by the employers as parents would their children. The roots of paternalism lay in the early years of capitalism when social and religious values were different to those of today and also when the emergent trade unions were in no position to resist managerial dictat, especially in the area of work organisation.

For this system of management to operate certain conditions are required, for example paternalist firms must not be prone to extensive

competition, as paternalism requires a certain amount of expenditure over and above the costs of production, and therefore a stable market share is required to ensure a return on this non-essential expenditure. There must also be stability in the market, for the reasons already stated. If the above conditions are met then the employer can exert a real and lasting formal subordination of the work-force. It is a method of worker control gained through '**obscuring the commodity status of labour**' (Burawoy 1985) as workers are treated less impersonally and receive more in exchange for their labour than the free market would supply. Employers accept a more diffuse responsibility for their workers and, as we shall see in the case of Consett, the concept of a company town can develop.

Prior to the 1840's industrial production, in the area we now know as Derwentside, was restricted to the working of the local coal measures. The emergence of a metal working industry did not start until the early years of the 18th. Century when lead deposits were mined and processed. While ironstone was available locally, an insufficient supply of the wood needed to produce the huge amounts of charcoal required to fire the furnaces of the day meant that iron-making in the area remained primitive and small scale. This dependence on charcoal was ended when

Abraham Darby of Coalbrookdale perfected the process of 'coking' coal, which reduced coal to almost pure carbon, and was the superior of charcoal for iron-making purposes. The development of the steam engine also freed iron making from its dependence on water as a power source, which allowed and encouraged the ironmasters to relocate their centres of production in areas with access to coal, a commodity that North West Durham had in abundance. (Pugh 1951.)

The creation of the 'company' in 1840, (as the plant became known and is still referred to locally) (1) by William Richardson and John Nicholson, under the title of the Derwent Iron Company, effected a massive transformation to the area. Prior to this development the only habitation in the locality was the small village of Berryedge; Carr House; Delves House and Barr House, with a total population of under 200. Less than a decade later there was a population of 10,000, and the emergent town was known as Consett. (Consett Lions Club 1963)

The development of the works was rapid, and by the Great Exhibition of 1851 the Derwent Iron Company was described as ... **the largest in the Kingdom.** ... responsible for 40 - 50,000 tons of finished iron. (Ridley 1961 p 6.)

Whilst Consett had been called into existence to service the works, and was what Williamson has

described as a 'constructed community' (1982) it was in no sense unique in the rapidly industrialising Britain of this time. Many communities were called into existence in this way as the 19th. Century entrepreneurs, in coal, iron and railways, required large work-forces to man their developing industries.

Industrialists preferred to have their workforce close to the works, partly for reasons of mutual convenience, partly to better ensure social control ... combining, as with the squire of the past, the characteristic paternalist mix of benevolent benefactor and harsh exploiter.

(Kumar 1978, p 143.)

By the second half of the 19th. Century the Derwent Iron Company owned 14 blast furnaces, rolling mills, a forge and a foundry, and had become a leading force in the development and application of iron making techniques throughout the country. As with most of the rapidly developing industries of this time, the acquisition of new plant and machinery was underwritten by the banks. Birch, writing of the industrial financing of the time states ...

... it is significant that at this time bankers were not unwilling to sink their assets in

such intractable investments with apparently small regard for liquidity. (Birch 1967 p. 210)

In Consett's case the risks were taken by Jonathon Richardson, owner of the Northumberland and District Bank, which crashed in 1857 with the Derwent Iron Company overdrawn by nearly £1,000,000. As a result of this failure the Company lost its source of capital, was in danger of liquidation, and as a consequence had to be re-organised. This re-organisation process was complete by 1864 when the new, reformed company became known as the Consett Iron Company. (C.I.C.) Such was the influence of the C.I.C. over the area and its people that the industrial process shaped the town itself; its development as a community; and its history. One of the most important aspects of the re-organisation was that, of the original owners, three were Quakers and consequently the relationship between the Company and its workforce became one of 'benevolent paternalism'.

The driving force behind this 'benevolent paternalism' was the need of Quaker industrialists to reconcile their religious beliefs with their occupational status, and the result of this negotiation led to the creation of ...

... a system whose proper and normal state is one of mutual goodwill and the absence of

conflict ... with the exploitation of the workers alleviated by work for the community.

(Child 1964. p. 293)

This is effectively a unitary view of the industrial relationship and one that ignores the power relationships that are apparent in a pluralist perspective and also ignores the Marxist view that, even at its best, it is system that involves the domination of the workforce by, and in the interests of, only one section of the community, that of the employers. (Child 1964) Byrne and Parson (1983) develop this Marxist argument when they describe such 'constructed communities' as 'social factories' producing and reproducing the labour power required by capital.

The demarcating character of capitalism as a system is that labour-power is a commodity, that wage labour is the dominant form of labour relation. Labour power has to be "reproduced", in the immediate sense of workers having to be housed, clothed and fed, in the future sense of the need to raise new generations of workers and in the ideological sense of providing workers ready and willing to work in a capitalist context. (Byrne and Parson in Anderson et.al. 1983 p. 135.)

Underpinning this Eldridge writes of Consett at that time ...

Because the Company was the dominant employer in the area, it was evident that the Company's fortunes were indissolubly linked with those of the community. (Eldridge 1968 p. 212)

Another important requirement of paternalism that Consett's experience coincides with was that of geographical isolation. Ackers and Black write that ...

Geographical isolation from major industrial centres helped to form and maintain these dense, parochial occupational communities, preventing labour market competition for the industry and inoculating the labour force against more secular ideological influences.

(Ackers and Black in Cross and Payne 1991 p. 45)

An opinion, impossible to prove, but widely held and difficult to ignore, (2) is the belief that Consett's industrial isolation was to an extent encouraged and maintained by the C.I.C. through its domination of the local elite system, especially the Local Authority, not only in the early years but throughout whole period of the plant's existence. It is believed by many that in order to maintain dominance over the local labour

market, large scale inward investment was discouraged by the C.I.C.

I believe there is truth in the belief that the 'company' and to an extent the 'Coal Board', were guilty of keeping inward investment out of this area. They wanted to dominate the local labour force. It was not until the closure that we began to understand just how much we really were dependent on the 'company'.

(Alex Watson, Leader of the ruling Labour Group in Derwentside. Aug. 1991.)

Another, not dissimilar, view is held by John Pearson, Industrial Development Officer, Derwentside ...

I can see the point, but I don't wholeheartedly agree with it. Certainly no employer wants competition for the available labour, but perhaps prospective employers avoided Consett because of the competition the 'company' would have provided for that available labour.

(Aug. 1991.)

What ever the accuracy of these views the outcome was the same, Consett was and remained almost totally dependent on the 'company' for employment.

Size is a major problem for paternalist employers. It becomes difficult, if not impossible to maintain what is an intimate relationship once the numbers of employees increase beyond a certain point. In order to overcome this problem of size a new form of paternalism developed, which took on a more pluralist arrangement as employees organised together in trade unions, yet control was retained through external investment. (Ackers and Black op. cit.)

The extent of the external paternalism in the Consett was by no means minimal, as by the end of the re-organisation of 1864 the 'company' owned 2,700 houses, let rent free to all employees; provided an infirmary with 20 beds; built and ran schools; provided recreational and reading rooms and a park; and employed 5 policemen, who also acted as housing inspectors for the 'company' houses. One noteworthy act of philanthropy made by the 'company' was a gift of instruments to the Salvation Army in Consett, allowing them to create the first ever Salvation Army brass band in the world. (Ridley 1961)

While the original buildings for the schools and infirmary were provided by the Company, the upkeep of the buildings and the wages of both the teachers and doctors were financed through a levy of 2d. per week, taken from the wages of all workers. This levy proved to be unpopular with men

without families and with the large Roman Catholic element within the workforce which had migrated from Ireland in the early years of the 'company', whose Clergy, in attempting to maintain a Catholic environment, provided and maintained a school and Church of their own.

This natural Quaker philanthropy also proved an inducement to skilled labour from other well established iron-making areas, such as the West Midlands and South Wales, to resettle in Consett and meet the growing need of the Company for skilled labour. Eldridge sees these acts of philanthropy as ...

... the spirit of a feudal relationship carried over into an industrial context.

(op. cit. p. 212)

Further evidence of this feudal relationship can be seen in the official history of the Town which states ...

In the midst of turmoil and change, the Company held fast to the liberal tenets of its predecessors and provided many houses for its workers , as well as schools and chapels.

(Consett Lions Club op. cit. p. 67)

The nature and extent of this paternalism, a paternalism that Eldridge suggests bordered on domination, can be seen in extracts from the C.I.C. letter books from this time.

3rd. June 1887.

From the present time forward, as the fine weather is now coming and there seems to be not much in the way of men waiting for work, see that any parties living in our houses without workers in them give up their houses, and also any workmen who are idle or negligent and do not pay their rent. Give them notice to give the houses up that we may get those to occupy our cottages who will work and pay for them. (Jenkins 1962 p. 64)

The above statement embodies the Quakers' belief in hard work, the hate of waste, the careful organisation of resources, all in the service of others. (Child 1964)

5th. September 1893 : re -- the Consett Postmastership.

I have much pleasure in advocating the case of Mr. Joseph Routledge who is an applicant for this post. ... I have no doubt that there will be a great many applicants, but the circumstances and experience of the Routledge family speaks strongly in favour of Mr. Joseph Routledge the applicant,

and I strongly recommend him. I have made no enquiry into his politics, but I believe the family have been all their lives, very respectable liberals. (Jenkins op. cit.. p. 275)

This paternalism was not unique to Consett, being common throughout industrial societies of that time, as the need for a permanent workforce was paramount to industrialists everywhere. However, the control employers exerted over their workforce was enhanced if, as in the case of Consett, they were the major employer in the area. (Austrin and Beynon op. cit.)

By the turn of the Century the C.I.C. were one of the leading iron and steel manufacturers in the world, employing 6,000 men, with a weekly wages bill of £8,000 and the tradition of philanthropy extended to the work-force by the early owners still existed at this time. Although responsibility for the schools had been turned over to the Anglicans and the Wesleyans, the Company retained an interest in them through gifts of money and land. The Company was also instrumental in the establishment of secondary education in the Town by encouraging the foundation of the Consett Technical Institute, which was opened in 1900 on land donated by the C.I.C. (Consett Lions 1963) It should be said that while philanthropy was natural to the Quaker

philosophy of the early owners of the works, there are obvious economic reasons for this purely voluntary social expenditure. A contented and grateful work-force, dependent for housing and health care for example, would tend to work with greater efficiency and loyalty and with fewer disruptions to production. The provision of the Technical College could also be seen in the light of the need for a trained, educated and skilful work-force.

The influence of this philanthropic dominance far outlasted the Quaker employers, with succeeding generations in the town bred to fulfil the labour requirements of the 'company'. The social fabric of the town, even during the periods of nationalisation, and surviving until the closure, was designed to breed domesticity and an acceptance of continual servitude to the 'company's' interests, an acceptance, arguably, that has survived the works themselves.

The depth of this symbiotic relationship can be seen from a letter written to the Company's in-house newspaper by the Chairman of the Consett Urban District Council.

I feel I am voicing the public thought when I say how much we appreciate having the Consett Iron Company as the centre of our activities and how much the inhabitants, workers, and traders, not

forgetting the Council, are dependent on the progress and expansion which has made Consett known all over the world. (Steel News 1969)

This whole process is admirably summed up by Martin and Fryer when they state that ...

A community's economic development largely determines its social structure; its economic and social structure mould and focus the attitudes of its inhabitants; these attitudes, in their turn, help to maintain the pre-existing structure.

(1973 p. 27.)

If the culture of paternalism, with all its social benefits outside the workplace, tied the workforce to the 'company' in a collective way then the internal labour market was a mechanism that reinforced that culture of dependency in an individualistic way.

The internal labour market that developed in the iron and steel industry generally, and which had a great influence on the development of the internal relations of the 'company', evolved out of the 'butty' system of sub-contracting, an aspect of managerial method present in the early years of the industry, and one that in some instances lasted well into this century. It was also a system that ...

... did not encourage a healthy spirit of trade unionism. (Pugh op. cit. p. 156).

Under this system a skilled worker would be directly employed by the firm to undertake the whole or part of the productive process. In the case of the iron and steel industry the 'puddlers', 'melters' and 'rollers' would be employed by the Ironmaster, and they in turn would employ their own assistants or underhands.

This system could be said to be one of worker control, but we need to understand it from the advantages it gave to the capitalists. For Littler (1982) there were 6 main advantages for management in this system. It was a flexible system that met any fluctuations in labour demand; it did not require a large bureaucracy to coordinate production as it was self managed; it spread the financial risk for the capitalist as the sub-contractor assumed part of the financial risk of production; it provided financial incentives and a path for upward mobility for a key group of workers; it overcame the fact that many employers did not have any technical skills or knowledge, and proved to be a means of task allocation and stabilisation in the productive process. This system has correctly been described as a negation of managerial control in that the

only control over the productive process is the price of the contract. While volubly against this system in principle, the unions in the industry none the less supported it in practice, to the extent that it had a crucial effect on the character and development of the trade unions themselves. (Pugh op. cit.)

The legacy of this system has far outlasted the system itself. It was a method of worker control that became unpopular with the emergent managerial class, who wanted to control all aspects of production themselves, in fact to legitimate their own positions within the organisation. When the system was ended the subcontractors were employed as simple wage earners, but were able, through their knowledge of the productive process, to remain at the top of a hierarchical internal labour market with a seniority system in place that provided a compliant and co-operative workforce noted for its non-militancy. In common with most internal labour markets it produced a commitment to the employer and the job that mitigated against unrest and conflict.

Promotion in this internal labour market was firmly based on seniority, with all upward moves being into 'dead men's shoes'. Recruitment to each grade above was by promotion, strictly according to seniority, from the grade below. This system

not only tied an employee to the industry, and indeed to a single plant, but also ...

... by establishing a pattern of aspirations and promotion for his working life, gives him a feeling that he has a real stake in it.

(Banks et al. 1956. p. 252-3.)

In common with most internal labour markets it produced a commitment to the employer and the job that for Docherty ...

... has been seen to act against militant trade union activity, and has more than any other single factor shaped the outlook and attitudes of the steelworkers' unions. (1983 p. 40)

He goes on to say that ...

Men employed in steel grow accustomed to waiting their turn; when a new recruit is located into a production line he is given a seniority number in relationship to his fellow workers which is his for the duration of his working life, and will determine to what job he will subsequently be promoted. Experience in the industry is revered above all other attributes. (ibid. p. 40)

This system created what can only be described as an 'aristocracy of labour' that perhaps represented a deliberate act, on the part of the employers, of industrial segregation in an attempt by them to 'divide and rule'. This 'aristocracy of labour' among the production workers in the iron and steel industry is different from the skilled\unskilled division of labour achieved through the apprenticeship system, in that unskilled 'non-aristocrats' could, through time, become 'aristocrats'. The most skilled and experienced of the production workers were integrated into the system on more favourable terms than the rest. Indeed ...

At times when no labour exchanges existed, no personnel departments, senior men would act as supervisors, producers and training managers as well as hiring hands in the first place.

(Docherty op. cit. p. 33)

It also encouraged an elitist attitude among the senior men, who tended to dominate the union as well as the industry. As Docherty states ...

While younger men were given equality under the rules of the union, the experience of these senior hands gave them domination over the union.

(ibid p. 33)

One major effect of the system was the discouragement of any sense of solidarity between the senior and junior grades within a plant; the solidarity upon which trade unions depend on more than anything else for their strength. (Docherty *ibid.*) This point is borne out by Banks who stated that ...

The high proportion of skilled men in the industry who earn comparatively high wages, fear more than anything else the invasion of the unskilled. (Banks *op. cit.* p. 91)

The internal labour market creates a work-force socialised into accepting what ever circumstance that comes their way. People who spoke out were considered to be dissidents, and as such were excluded from the centre of the labour movement and kept isolated on the periphery. It is also a system that prevails in the iron and steel industry to the present day. Promotion up through the internal labour market is still controlled by the union, with the criteria for promotion being Branch seniority and competence. The strength of the system for management is such that while it gives selection of manning to the unions, it ensures that the senior operators acquire many years of experience before they are given positions of authority.

It is the responsibility of workers to train for the position above them. Incompetent people are ousted by their fellow workers.

(T Hardaker. Senior Organiser Iron and Steel Trades Confederation (ISTC) Oct. 1991)

The control the union had over the internal labour market suited the managers of the different plants. They did not have to get involved in the day to day decisions of who did what. That was left to the union. More importantly, as far as we were concerned in personnel, was the fact that it tied men to the plant. The labour turnover in the trades, even the 'black' trades (blacksmith, welder and plater), was always considerably higher than among production workers. The tradesmen had transferable skills and could get employment elsewhere. A lot of people used the 'company' to get a trade and then left as soon as possible. The production workers, once they had started up the promotion ladder were tied to their departments, never mind the 'company'. If you left your department you had to start at the bottom again, as promotion was always tied to seniority in the branch. None of them could attract the wages they were getting at the 'company' in outside industry, their skills were all related to iron and steel

making and nothing else.

(Clive Robinson, ex Personnel Department B.S.C.
July 1991)

It was not a system that was without dispute however, as some managers did challenge some promotions on the grounds of incompetence. ...

The system was basically right, as it removed any possibility of patronage or preference, and there were advantages in it for management. However, it did have drawbacks. When we were commissioning the new steel plant the men were faced with a totally new steel making process, new technology had been introduced and I wanted to insist on prior qualifications for the top jobs. It was my intention to send younger men to the local 'tech' to get City & Guilds qualifications. However the union insisted that seniority should still apply, and we were faced with sending older men. These men found it difficult to return to education after so long and the union objected to them being faced with exams. Management were subsequently forced into making the concession that attendance on the course was sufficient, and because this was a ludicrous situation the courses were later abandoned.

(Bob Atkinson Steel Plant manager. 1974-1980 Feb.
1991)

If challenged the union always responded and defended their right to control internal promotions in the production process. ...

The system did at times promote inefficiency, but the union would always challenge management if they wanted to use inefficiency or incompetence to stop a promotion. We could not let them choose, it would have ended up with the 'Gaffers' lads getting the jobs.

(John Lee I.S.T.C. convener Consett. May 1991)

Some literature on industrial relations talks of management attempting to regain or increase their control over the workforce by creating mechanisms that give control to the workforce. These discussions are usually in the realm of industrial democracy, and in those terms the amount of worker control is at best nominal and at worst nonexistent. However, the workforce at the 'company' had real and substantial control over the mechanisms of the internal labour market as has been clearly identified, and yet in a similar way those mechanisms gave equally substantial control to the employers in that the nature of the labour market was such that it tied the individual worker to it in such a way that to leave meant substantial reductions in economic and social reward.

Perhaps the extent of control demonstrated by the workforce at the 'company' could only exist in large organisations with stability in their markets such as the early iron and steel industry. In modern industrial societies it may be that such control can only exist in 'nationalised' public corporations, again like the B.S.C., with all the protection from the market that the State can provide. In such industries it is production levels rather than profit that seem to be the criteria for success. Once market forces are applied, then that type of worker control may not be sustainable, as evidence from today's British Steel would suggest.

Notwithstanding the above argument, there is sufficient evidence here to suggest that the historical development of the 'company' with the paternalist attitudes of the early owners, allied to the mechanisms of the internal labour market, were a significant influence on the development of the industrial traditions and culture of the workforce in the town.

Paternalism creates a master/servant relationship that can be a disguise for harsh treatment. Workers are seen as children who have to be protected, guided and cared for. Employers claim to take responsibility for workers in a system that is one sided and draws on religious ideals and class relationships. Paternalism

emphasises the ...

... arbitrary will of the master, whose judgement of what was good for his workers was absolute. (Bendix 1974 p. 51.)

These ideas established in the workplace were advanced through the influences of education and religion and people come to 'know their place'. The sinister side of paternalism can be seen in the following quote from a letter from a Mr. John Buddle, a colliery manager for Lord Londonderry, who wrote ...

What we have to guard against is any legislative interference in the established custom of our peculiar breed of workers. The stock can only be kept up through breeding.

(Austrin & Beynon op. cit. 1980 p. 24)

If the mechanisms of a rigidly hierarchical internal labour market are superimposed onto the culture of dependency left over from these paternalist traditions the results can manifest themselves in a workforce that sees its own best interests, both collectively and individually, tied in with those of the 'company'. These almost unitary attitudes identifiable within the workforce did not however prevent the development

of a trade union movement which enjoyed a great deal of control over the internal relations of the 'company', as will be discussed in chapter two, however as already stated, they played no small part in determining the culture, traditions and attitudes of the workforce.

NOTES TO CHAPTER 1.

1. The iron and steel plant continues to be called the 'company', by everyone in the town, even today, and the fact that the town's history is measured as pre or post closure, can be seen as an example of the influence the plant had on the popular culture of the area.
2. See F. Robinson and D. Sadler 1985.

CHAPTER 2.**THE DEVELOPMENT OF THE TRADE UNION MOVEMENT IN THE
'COMPANY'.**

... those within the unions who primarily conduct external relations do not merely react to irresistible pressures; they help shape and channel the nature and extent to which trade unions' goals and methods adapt to external agencies which seek to minimise the disruptive impact of workers' collective resistance to capital. (Hyman 1989 p. 150.)

It must be said, that whilst Victorian paternalism (Ridley 1961) may have created a captive and self-perpetuating work-force, it could not contain the working class unrest that emerged throughout the Country in the latter half of the 19th. century. The industrial relations in the 'company' were characteristic of those in most heavy manufacturing industries; a well organised work-force, represented by sectional unions, with mature bargaining institutions in place and a great deal of worker autonomy in the organisation and ownership of work. Again, the historical development of the employment relationship within the 'company', created a unique set of traditions and attitudes that outlasted the 'company' itself, and may still have an important influence on industrial relations climate in the town today.

The years from 1849 to 1868 saw a number of strikes at the Derwent Iron Company, (later C.I.C.) mainly concerned with reductions in wages that were common throughout the industry at that time. A strike in 1861, specific to the Consett works, came at a time when the Company was suffering grave financial difficulties with the consequence that the owners withdrew the free rent and coal previously given to all the work-force. Perhaps the bitterest strike, and one that was to prove a catalyst in the creation of a climate which was to shape the development of industrial

relations, not just at Consett, but for the iron and steel industry as a whole, took place in 1866. The strike was precipitated by the employers' proposed cut of 10% in blastfurnacemen's and puddlers' wages, along with a significant cut in manning levels among the millworkers. In all, over 12,000 men throughout the North East were on strike for 20 weeks. The bitterness and hardship caused by the strike in Consett can be seen in the fact that the local newspaper, near the end of the strike, carried frequent articles expressing fears of the outbreak of a cholera epidemic, (Consett Guardian) and two clergymen who intervened were threatened with assassination. (Docherty 1983)

Weakened by the struggle the men returned to work on the employers' terms and were forced to take a further 10% reduction the following year. The strike demonstrated the influence of the Consett works, regionally if not nationally, in the setting of wages and conditions of work in the iron making industries. An extract from the town's newspaper of the day, the Consett Guardian, stated on Sat. 29th. Sept. 1866 that ...

The influence of Consett - should the men commence work - will be felt throughout the whole district, and will be hailed with delight by many. If the Consett works commence, and we sincerely

hope they do, the strike in the North of England is virtually over.

One of the unions involved in the strike, although not leading it, was the Amalgamated Malleable Ironworkers Association, led by John Kane (1819 - 1876). Kane, who had worked at the Consett works as a young man, was a trade union activist all of his adult life. Active in the Chartist and other progressive movements, he eventually went on to become a member of the so called 'junta' of trade union leaders, and a founding member of the Trade Union Congress. (1) The strike of 1866 was to almost destroy the ironworkers' unions. Kane's own union's membership was to drop from 6,500 in 1866 to only one tenth of that by end of 1867. (Docherty 1983). Following these set-backs many of the smaller unions that had existed regionally amalgamated in 1868 to form the National Amalgamated Association of Ironworkers, with Kane as its General Secretary for the next 13 years. Through his experiences of these disputes in the late 1860's he became convinced that the strike was not the way to achieve anything for his members. Industrial conflict was, for Kane

... very prejudicial to all classes and, like war, leaves the track of misery behind it.

(Carr & Taplin 1962 p. 67)

and was the ...

... short and easy way to defeat. (ibid. p. 70)

By the end of the strike in 1866 both employers and employees were desperate to find some way to escape from the constant disruptions and conflict that had plagued the industry for the previous 20 years. The employers wanted a freedom from strikes and stoppages that saw heavily capitalized plant lying idle, and reduced wages when the price of finished iron fell. On the other hand the employees wanted recognition of their Union and the right to organise collectively in the furtherance of their aims.

If Kane was to be the architect of the unions' thinking on industrial relations, he was matched from the owners' side by someone of equal stature and influence, and with an even greater connection with the Consett works. This man was David Dale (1829-1906), Chairman and Managing Director of the Consett Iron Company (C.I.C.). who, in the early tradition of the owners of the Consett works was a Quaker.(2) Tired of the industrial unrest that was prevalent at that time

in the steel industry, Dale became interested in the methods of conciliation that existed in the hosiery trade in Nottingham.

In 1860, following a series of strikes in his factories, the Nottingham hosiery manufacturer A.J. Mundella, had brought peace to the industry by persuading both the unions and the manufacturers to agree to the creation of an Arbitration Board for their industry. This Board, made up of 9 representatives from each side, with Mundella in the chair, met every 3 months to arbitrate on all disputes, including those concerned with wages. This Arbitration Board, unique in British industry at that time, was successful in ending the unrest that existed in the industry, caused mainly by the issue of wages. This success can be seen in Mundella's statement that ...

The men in the hosiery trade would never strike before coming to our Board.

(R Gurnham 1976 p. 28)

Noting the success of this Board in Nottingham, Dale, in 1868, circulated information regarding it to the members of the Iron Manufacturers' Association, suggesting the establishment of similar Boards in their industry. Kane was also interested in arbitration rather

than confrontation and, following a delegate conference of his union, requested the establishment of such a Board. The outcome was the creation in 1869 of the 'Board of Arbitration and Conciliation for the Manufactured Iron Trade of the North of England', designed on Mundella's scheme, with Dale as its chairman. The Union's representatives to the Board were its General Council, with Kane acting as secretary. This system resulted in the rank and file union members effectively being dominated by the Board, with the union's hand further weakened by the establishment of rules that made official strikes illegal in the context that any official strike action instigated by the union would lead to the breakup of the Board. Further restrictions were also placed on the union, the main one being the alteration of the rule declaring the primary aims and objectives of the union. (Docherty 1983) Prior to the establishment of the Arbitration Board the rule read ...

To provide support to members in action against employers. (Docherty op. cit., p. 31)

This was changed to read ...

To obtain by arbitration and conciliation, or by other means that are fair and legal, a fair

remuneration to the members for their labours.

(Docherty op. cit. p. 31)

and ...

... the members of the Association shall use all their influence with employers and others to join the present Board and to form new Boards.

(ibid. p. 31)

By establishing this system of arbitration Dale, according to the Webb's had become a ...

... "shrewd leader of the employers" who sold John Kane and "a whole subsequent generation of iron workers" an advantage "at the cost of adopting the position of their opponents".

(J.A. Banks 1970 p. 90)

Kane, believing arbitration to be a condition of union survival reiterated his support for this system of arbitration at the 1871 Annual Conference of his union when he stated that these Boards would end ...

... the old mischievous policy of throwing down tools and suspending work if the slightest hitch should occur in the work, which still

continues to the injury of the workmen and all connected with them. (Pugh 1951 p. 46)

Kane's influence on what was the first national ironworkers' trade union, and the direction of its development can not be overstated. In his 13 years in office he remained committed to constitutional rather than militant methods, to conciliation rather than confrontation in resolving disputes. His beliefs set a pattern that has shaped and governed the attitudes and actions of the trade unions involved in the iron and steel industry to the present day. His influence set a climate for industrial relations that has restricted and discouraged the development of healthy trade unionism in such a way that the unions became linked with the development and organisation of the Arbitration Boards, which as we have seen severely curtailed the options available to them. (Docherty op. cit.)

In the event of a failure to agree a mutually acceptable compromise, the rules of the Board provided for the appointment of an independent arbitrator, whose decision was to be final. After initial resentment of an early decision by one independent arbitrator over a wage increase, it was suggested by the arbitrator that a 'sliding scale' be used to link wages to the selling price of the product.(3) Under this 'sliding scale'

wages would be fixed on: - 1st. Jan, - 1st. April, - 1st. July, - and the 1st. October, in accordance with the selling price of the product. Within this system wage levels were settled, not through negotiation, or even arbitration but by the selling price of the product. Because of this, traditional trade unionism became separated from its radical roots and became associated with the principle that wages must fluctuate with the price of the product. For the Webbs, this acceptance can be attributed to the .

... conversion of the union leaders to capitalist economic principles.

(Clegg 1964 p. 23)

As we shall see below this is an accusation that is as justifiable today as it was then.

Consett's influence on the development of the trade union movement in the iron and steel making industry continued to be strong. A dispute at the works in 1915 was to prove to be the catalyst required for the amalgamation of the existing unions representing iron and steelworkers into a single, national union. The history of this amalgamation can be traced back to the beginnings of steel making in the early 1880's, a time when the trade union movement in the iron and steel industry was in a state of flux. The National

Amalgamated Association of Ironworkers, now led by Edward Trow after the death of Kane in 1876, while remaining primarily a puddlers' union, opened its doors to steelworkers, although few joined at this time. In 1880 a union specifically for steel workers was started in Scotland by John Hodge, and great rivalry over recruitment was to ensue between these two unions. In 1887 the National Amalgamated Association of Ironworkers under Trow changed its name to The Associated Iron and Steel Workers Union of Great Britain, and became a truly national union representing workers throughout the industry, including steelworkers, a fact which increased the rivalry between the two unions. In 1885 due to poor representation and high subscription fees, the blast furnace men created their own union; The National Association of Blastfurnacemen. (Carr & Taplin op. cit.)

The dispute at Consett in 1915 was caused by an arbitration award that was unacceptable to the local branch of Hodge's union, which took industrial action. In order to honour the agreement with the Arbitration board, the Union organisation resorted to the dissolution of the branch, and its reformation with those who were seen to be 'loyal' members. Application by the expelled members to the Steel Workers union was refused, and the men then began negotiating with the Workers Union, a union that was feared by both

Hodge and Cox, who had replaced Trow as leader of the Associated Iron and Steel workers Union of Great Britain. The Workers Union was feared because of its ...

... 'notorious poaching proclivities'.

(Pugh op. cit p. 84)

If this union, with its traditional approach to industrial relations and a reputation for militancy, had succeeded in organising part of the Consett workforce ...

... complications, involving both the unions and also the conciliation board would have arisen.

(ibid p. 84)

It is not hard to imagine what form these complications would have taken. With no representation on the Arbitration Board, and therefore no responsibility towards it, or its decisions, and with no sympathy towards the other unions' policy of conciliation, the existence of this union in the Consett works could have proved fatal to the Boards themselves. In the face of this threat, and with an acceptance that there were too many unions in the industry, the two leaders called a national conference, in January 1916, of all unions represented in the industry,

under the Chairmanship of C.W. Bowerman M.P.
secretary to the T.U.C.

The outcome of this conference was the formation of two new organisations, one a completely new union known as the British Iron, Steel and Kindred Trades Association (B.I.S.A.K.T.A.) and the second, a confederating body, to be known as the Iron and Steel Trades Confederation (I.S.T.C.). The I.S.T.C. was to be the national organisation, responsible for purely trade union functions -- administration, negotiations, and employing the full-time staff required to run a national organisation of this size, while B.I.S.A.K.T.A. would be responsible for the administration of friendly benefits and would collect contributions. This complex arrangement was necessary due to the restrictions to trade union amalgamations imposed by the Trade Union Act of 1871. For a full explanation of the amalgamation process see Pugh (op. cit.). The National Union of Blast Furnacemen did not join this new union, due mainly to the regional nature of its organisation, and remained a separate body representing their own trade within the industry, and also a great many ironstone miners, mainly in Cleveland and the North West.

The philosophy of this new union remained close to that established by Kane, preferring conciliation rather than conflict, to the extent

of disciplining its own members in its determination to maintain industrial peace in the industry. An example of this determination can be seen in a dispute that broke out at the Consett works in 1925, which was a period of reconstruction for the C.I.C. When a period of temporary week-end work was proposed for the melters, in order to stock-pile ingots to be used when the change over was made from the old furnaces to the new ones, the melters refused. When the I.S.T.C. officials became involved in the dispute they found that in their opinion ...

The majority of Consett melters at that time were a somewhat poor lot from the trade union stand-point ... (Pugh op. cit p. 385)

... being unwilling to accept the needs of the company as paramount.

The dispute spread to other workers in the Consett plant, who were given notice of a reduction in wages set by the sliding scale. On refusing to accept this reduction, the men were replaced by 'blackleg' labour, an act that would normally have resulted in an escalation of the dispute. The I.S.T.C. however, decided not to extend the dispute, but to leave it to the Arbitration Board. The Board's response was to set up a joint committee representing the union and

the owners, which eventually resolved the dispute at the works. To quote Pugh ...

The committee did its work and peace reigned at Consett for some time ahead and the Consett melters had learned their lesson.

(Pugh op. cit. p. 388)

A more extreme example of this use of union discipline occurred in 1947 when the members in several plants including Consett were threatened with expulsion for refusing the employers' proposal for continuous shift working, which again included week-ends. The I.S.T.C. had agreed to these proposals in the interest of a general reconstruction after the war. All branches that continued to refuse to implement the new shift systems were disbanded and the union sought the names of those members...

... who were prepared to abide by the constitutional procedure of the organisation.

(Docherty op. cit. p. 52)

... and who would then reorganise the branches with these 'loyal' members. The general secretary informed the men that their actions were ...

Bringing discredit on the Association and weakening it in the eye of the employers.

(Docherty op. cit. p. 52)

After protracted negotiations the dispute ended when all branches concerned agreed to the new working patterns. From these examples, as well as others, it can be argued that at times the union placed the welfare of the owners before that of its members. This may have been done in the best interests of the membership as a whole, however it must be said that the I.S.T.C. maintained, at times, a ruthless domination over these same members. As Docherty writes ...

The steelworkers' principle trade union organisations have always seen themselves, and have been seen by others as politically and industrially moderate, believing that a cooperative relationship with the employer would serve the interests of their members best and disdaining the use of official trade union sanctions, such as strikes, as counter productive. In addition they have always identified their own interests with those of the industry in which they organise and see its fortunes as their own.

(ibid p. 23)

This view is one that remains today, as can be seen from the following statement

It is not our job to manage, but the union has to see to the best interests of the industry, as that is in the best interests of the membership. (T Hardaker. ISTC Organiser Oct 1991)

From the earliest days of Kane, the officials of the iron and steel unions clearly identified themselves with the interests of the employers, an approach that influenced their conduct as working class leaders to such an extent that they often restrained their membership from taking justifiable 'militant' action. It is an attitude that held that only the leaders of the union knew what was best for the membership, and that the membership had to be disciplined into following union policy, no matter what. In the preface to the Official History of the I.S.T.C there is the classic statement ...

It is not leadership which demands that the responsibility for making decisions must be thrown on the mass of men who have had no opportunity of hearing the case argued, it is an abdication of it. (Pugh op. cit., p. xii)

The literature clearly shows that the I.S.T.C. had created an organisation with power firmly established at the centre. Pugh (1951), cites example after example of rank and file members being threatened with expulsion, and branch officials being banned from holding office for long periods of time for refusing to abide by executive decisions or going outside the union's constitutional procedures.

This centralisation of power was not unique to the I.S.T.C., nor should it be seen as a deliberate policy of the leadership, simply to retain power for its own sake. Like most large organisations requiring a bureaucracy, trade unions are subject to a greater or lesser degree to Michels' (1949) "iron law of oligarchy". There may, however be other reasons for this phenomenon which may be more specifically associated with the trade union movement. Hyman (op. cit.) gives three reasons for this centralisation of power and control of the leadership over the membership within trade unions. The first being that ...

Those in official positions in trade unions possess a direct responsibility for their organisation's security. A role encouraging a cautious approach to policy. In particular this is likely to induce resistance to objectives or forms of action which unduly antagonise employers, or

the state, and thus risk violent confrontation.

(Hyman op. cit p. 150)

This was the reason driving Kane towards co-operation and acceptance of the 'sliding scale' and away from confrontation, and given his previous experiences with militant confrontation within the industry it is perhaps an understandable attitude to take given the period and circumstances. The other reasons given by Hyman are ...

Because of the on-going relationship with employers, officials normally become committed to preserving a stable bargaining relationship and to the 'rules of the game', which this presupposes.

(ibid. p. 150)

and ...

The rationale of the official's position is typically a competence to perform specialist functions. To sustain a belief in their own role, there is a natural tendency to define trade union purpose in a manner which emphasises officials' own expertises and activities: stressing 'professional competence' in collective bargaining rather than militant mass action. (ibid. p. 150)

Evidence of these criteria existed, not only within the I.S.T.C., but all the unions involved in the industry. That these conditions existed even down to plant level at Consett can be seen in the following statement ...

The organisation of the all the unions in the 'company' generated attitudes that actively discouraged any kind of involvement or activism. Those at the top did not want any broad involvement that might rock their particular boat. Traditionally anyone in the 'company' who was militant, or even vocal was always branded a communist, irrespective of their politics. When it came to fighting the closure (of the Consett plant) they wanted militant activism, but it wasn't there because they had destroyed it. (Ray Thompson, works convener for the E.E.T.P.U. May 1991.)

This view is supported by the following statement

Working blokes in Consett were blamed for their lack of militancy and their lack of involvement when the same people who blame them are the ones who encouraged non-involvement in the past. (Steve Hall, ex steel worker June 1991.)

As Beynon states ...

Apathy, like commitment does not fall from the sky. (1975 P. 20)

Or as Ackers and Black describe it ..

... paternalist companies produce paternalist trade unions.

(Cross & Payne 1991 p. 47)

This position is explained by John Lee, I.S.T.C. convener for the Consett plant, who agrees with the above assessments of the unions in the Consett plant but acts as an apologist for his own union when he states...

I am not sure that any union can be militant, they all control dissent under the guise of achieving respectability. It's a process that may be inevitable. Militant workers, firebrands, become representatives of their fellow workers, and become part of the system, managers of their own organisation, perhaps with their own agendas. If there is a conflict of interest between the members and the union it usually results in working class interests being controlled by the union. (May 1982)

This statement underlines C. Wright Mills' thesis that union leaders can become lost to the

membership once they assume office, (1956) which opens up the argument that there is a duality within trade unions; on the one hand the leadership, remote and perhaps unresponsive to the needs of the membership; and the rank and file members faced with the day to day contingencies of the capitalist labour process. The existence of 'two systems' within British industrial relations was recognised by the Donovan Report (1968) which highlighted the fact that, at the shop floor level different imperatives were a work. It is a situation recognised by Hyman who in discussion of the Donovan Report states that ...

Whereas conditions of employment were ostensibly determined at industry-wide level in negotiations between national officials of unions and employers associations, it was bargaining within the workforce which was in practice more significant. Such bargaining was typically sectional, remote from the control of full-time officials or senior management, and commonly resulted in unwritten understandings and 'custom and practice' rules. (Hyman op. cit p. 151)

Much of Hyman's discussion is concerned with the power that devolves towards the central leadership of the union through its representative role, in acting as an agent for the members it

gains, and in some respects needs, power over the membership. However, the above quotation recognises this 'duality' and there is much evidence to suggest that in the iron and steel industry generally, and the 'company' specifically, there was a great deal of power dispensed by the 'shop floor' in the form of influence and control over the internal relations within the 'company', seen in the 'unwritten understandings and custom and practice rules'.

Shop floor power at the 'company' manifest itself in a number of ways, for example we have already seen in Chapter 1 the rigid control the I.S.T.C. exerted over the internal labour market within the 'company'. Other examples can be seen in the control all the unions had over job ownership; in the scope and extent of the system of ex-gratia payments that existed in all sections of the 'company'; and in the protection of manning levels in all plants.

Job ownership at the 'company' was jealously guarded by all unions. ...

The 'company' was a totally closed shop, in all departments and unions, with the exception of the offices. It was almost a pre-entry system, especially in the trades, where several unions organised. It was a system that was militantly imposed and controlled, but in retrospect I

believe it was little more than right wing tokenism. Militancy was only ever displayed if their economic position was threatened. For example in 1964 there was a skill shortage and management came up with a proposal to upgrade all the craftsmen's 'mates' in exchange for a small rise. I was violently opposed to this for all the traditional reasons but I met with opposition from the electricians themselves and also from the union (EETPU) who had made a deal with B.S.C. at national level. By persuasion I won the electricians over, telling them that it would lead to a glut which would devalue their position, cut overtime and weaken their bargaining position in the future. Eventually the move was resisted, but only after a nine week lock out. Because of this stand at Consett the deal failed at a national level and I was never forgiven by the union, nor some of the members at Consett. It was not principle that won the day, they were willing to sell that for the rise, it was the threat to their financial position that I was able to use in order to sway them. Militancy only showed itself in economic terms at Consett.

(Ray Thompson May 1991)

Whether tokenism or economic militancy, job control by the unions was all but complete, and was a major source of dispute with management ...

Almost all of the disputes I was involved in during my time in the department (personnel dept.) were to do with demarcation issues, and not just between the trades, even with the production workers every one knew who did what. There was absolutely no flexibility within the workforce at all. The only way we could get any flexibility was through flexibility payments, although these had little effect as the workforce saw the payments as a right regardless of flexibility. (Clive Robinson Personnel Department B.S.C. July 1991)

These flexibility payments were part of a very complex and widespread system of ex-gratia payments that existed throughout the 'company' for many years, and made a substantial contribution to weekly wages. Part of each job description was the phrase 'and any other reasonable duties', a phrase that was the criterion used to trigger many of these payments.

At first the workforce resisted job descriptions as they saw them as an infringement of their freedom, however they soon realised the value of them as they could negotiate over what was reasonable. 'Reasonable duties' is a catch-all phrase that is open to interpretation and the

unions interpreted it as widely as possible.

(Bob Atkinson, Feb. 1991)

The unions were well organised in the area of these payments, and once it was agreed that a particular task was 'unreasonable' the payments remained part of the wage of any one carrying out that task. It was a system that was never fully in the control of management, as the following statement from Robinson will testify.

The unions were in a strong position over these payments, and we tried to accommodate them as much as possible, but it did get out of control. The Personnel department and senior management did not know exactly what was going on. The restructuring of the mid 1970's turned over some very surprising stones, with some managers turning a blind eye as long as they could keep production going. Some payments were generally called for, as some men had at times to work in appalling conditions, but in many if not the majority of cases the system was being abused. In fact in some extreme cases men were getting paid more shifts than it was possible to work.

(July 1991)

This tactic of selling, or negotiating, their co-operation seems to have been predominant during

all local negotiations, and extended into the area of manning levels, which seems to have been the other major area of shop floor control at plant level. From 1972 onwards a comprehensive restructuring took place at Consett that involved determined attempts by management to shed labour.

Consett was held to be over-manned, especially in comparison with its major competitors from Japan and Germany, and a major streamlining was required. Through the joint consultative process the unions were told to be more competitive or else which in effect meant job losses, although for all our arguments all we met with was resistance. (Bob Atkinson Feb. 1991)

The unions took the view that the ...

The primary and most important task of a trade union is the protection of jobs, which is something that we as a union have always tried to do. Such decisions should not be purely based on profit. When men accept employment they make commitments such as mortgages and other family costs, and they should not be thrown out of work simply on the grounds of profit, the employer has a certain responsibility towards the employee. (John Lee May 1991)

The extent to which the unions were prepared to go, and their tactic of 'selling' co-operation in management proposals can be seen below. ...

Once the Steel Plant was commissioned and running I tried to shed 35 production jobs, but faced major opposition from Lee and the union. After 2 years I had only succeeded in getting rid of 17 of them and then only when we agreed to share any savings with those men remaining. After that manning levels on the steel plant stayed roughly the same till the closure.

(Bob Atkinson Feb. 1991)

Jobs were precious, and the unions guarded them jealously. They had a great deal of control over manning levels. When the restructuring took place in the 1970's the key to getting the unions' agreement were again payments. Any savings made through job loss were shared with the unions on a 70% - 30% basis with the unions getting the 70%. Prior to this agreement the unions refused to even discuss job loss, yet 2 hours after this agreement was made we also had a provisional agreement on manning levels. The unions fought for enhanced redundancy payments, and got them, but their opposition to job loss had gone.

(Clive Robinson July 1991)

When the total closure of the Consett plant was announced, plans were made jointly by all the unions to fight the closure. However for all the opposition this economic view was still apparent.

When we were fighting for the 'company' we had two prizes in mind, the first to retain the works, and second to get as much redundancy as possible. It soon became apparent that the first prize was unattainable so we went for the second, covertly without ever overtly admitting it.

(John Lee May 1991)

This Taylorist 'economic man' image is taken further by Ray Thompson ...

Even within the workforce there was a large movement who wanted the place closed down as soon as possible because they wanted the redundancy money. It was a situation that sickened a lot of people including me. (May 1991)

This is not an uncommon phenomenon in closure situations (Taylor 1982) though evidence suggests that at Consett the readiness to accept redundancy payments rather than fight the closure seems to have been more prevalent than most. (Sirs 1985)

Historians of the iron and steel industry and its trade unions have tended to overlook the

duality that undoubtedly exists within them and have concentrated on the formal organisational structures; the full time officials, the national bargaining structures, the whole easily identifiable machinery that exists to oversee industrial relations in a large industry. By doing so they have concluded that the unions in the steel industry were non-militant, co-operative, even collaborative with the employers, and taken from this singular view of the unions they are correct. Both Docherty (op. cit.) and Vaizey (1974) are at a loss to explain this uncommon attitude, especially of the I.S.T.C, however neither have taken account of the formal and informal bargaining structures and custom and practice agreements that existed at shop floor level. Evidence suggests that, at least at Consett 'company', a great deal of militancy, even if only economic militancy, did exist as the 'shop floor' attempted to maintain and improve its conditions of work.

Taken together with the tradition of paternalism and the workings of the internal labour market described above, these formal and informal shop floor industrial relations structures developed specific traditions, cultures and collective values that exist, albeit in different forms, in all industrial workforces.

These values were strong in the local workforce at Consett, tied as it was to the 'company', and created a culture of dependence upon a single industrial plant. Simply, at an organisational level the workers saw their survival only in terms of the survival of the 'company'. Their representatives saw co-operation with the employer as the only basis upon which an industrial relationship could be built or survive. These are the simple truths that are expressed by those supporting the unitary theory of industrial relations and facing all workers whether collectively organised or not, and in narrow terms they are hard to deny. Yet within the employment relationship there developed at a shop floor level a system that almost guaranteed worker control of the every day internal relations of work. While the external leadership of the union accepted the contingencies put forward by management, the shop floor only accepted and implemented them on their own, usually economic, terms.

Perhaps because of these circumstances, when the closure of the 'company' was announced, they were unable to organise a resistance to an employer who no longer needed nor wanted co-operation from the workforce, nor even the workforce itself. They were, like many such workers faced with situations they could not comprehend, ...

... prisoners of their pasts, both real and mythical, in so many ways - the sanctity of their rule books; the weight given to precedent; the timeless quality of rhetoric; the nostalgia expressed in their banners; perhaps most fundamentally, the distinctive yet often elusive ethos of each organisation, the legacy of past battles. (Howell 1989 p. 3)

NOTES TO CHAPTER 2.

1. An example of Kane's involvement in the trade union and labour movement can be seen in the fact that he was a worker for Kier Hardy in the 1888 election, when Hardy stood for Parliament for the first time in the Mid Lanark constituency.
2. David Dale was the grand nephew of the David Dale whose daughter married Robert Owen.
3. One of the first arbitrators was Thomas Hughes, the author of 'Tom Browns School Days'. After resentment over what was his third arbitration award, Hughes suggested the use of a 'Sliding scale' for wages.
4. The butty system of sub-contacting was ended due to an inter-union dispute at the Hawdon Bridge Works of John Summers & Sons in North Wales. The dispute surrounded the organisation of 'day wage' men at the works.

CHAPTER 3.**THE NATIONAL ECONOMIC AND POLITICAL CLIMATE :
1980-1990.**

**Constant revolutionising of production,
uninterrupted disturbance of all social conditions,
everlasting uncertainty and agitation distinguish
the bourgeois epoch from all earlier ones.**

**(K Marx & F Engels, Manifesto of the Communist Party
Selected Works 1977 p. 38)**

The practice of using meteorological terminology as metaphors for describing change in the economic and political situation of the nation is an appropriate one. There exists an overall national environmental condition with regional and local variations with frequent, and at times major, climatic change taking place. The same is true of the political and economic conditions that, taken collectively, make up the external environment within which industry has to work. These external environmental conditions are an important influence in shaping the internal relations of the workplace as Maguire (1988), Burawoy (1985) and Littler (1982) all attest. As they correctly state, external environmental conditions can not be excluded from any attempt to understand the ongoing and changing relationships within any workplace, in any given locality. It should also be stated that, in terms of the economic and political climate, the reasons put forward by political and economic commentators in order to explain those changes are, at times, difficult to understand as the distinctions between cause and effect are almost impossible to differentiate, hence the universal phrase 'political economy' which is used to describe the complex processes of government and production in any modern capitalist industrial society.

It will, therefore, be the intention of this chapter to describe the external environmental changes that have taken place in the political economy at a national level that have, in turn, had an impact on the 'climate' of industrial relations and the internal relations of work.

Economically Britain has, since 1970, experienced a

... period of job-less growth, then a period of job-destroying zero growth, and finally one of job-destroying industrial decline.

(Lash & Urry 1987 p. 99)

In the national economy, the years 1971 to 1984 saw a loss of 2.5 million manufacturing jobs, with the worst period being 1979 to 1981 when 1 million manufacturing jobs were lost. If this period is extended to 1990, the loss of manufacturing jobs across the decade of the 1980's is 2 million jobs lost, representing a decrease in employment of almost 30%. (Employment Gazette 1984 & Economic Trends 1984) Unemployment for all sectors of the economy peaked in 1985 at a high of over 3 million, (Kessler & Bayliss 1992) representing levels of unemployment which have not been experienced by the British economy since the recession of the 1930's.

The severity of this decline is such that the process has been described as one of 'de-industrialisation', (Kessler & Baylis op. cit. Hudson & Sadler 1991. Salaman 1989)

Since the election of the Thatcher government in 1979, the main thrust of political and economic policy has been directed at what was seen as the main internal cause of the recession in Britain, namely inflation, brought on by the poor performance of British industry at home and abroad, combined with unrealistic and unearned wage demands from employed labour. (Kessler & Bayliss Op. cit.) These policies have taken the form of an ending of the commitment held by successive British governments to full employment; the introduction of market forces to public sector industries; and a concerted attack on organised labour; all of which have resulted in ...

... the creation of an enterprise culture out of a collective one. (MacInnes 1987 p. 4)

Whatever the terminology used to describe the political and economic climatic change, or the reasons given for them, all commentators agree that, primarily among other consequences, there has been; a major decrease in the number of manual workers

employed in the traditional manufacturing and extractive industries, with a resultant increase in levels of unemployment; an increase in the use of female and part time labour; the growth of the service sector; a decline in plant size; moves towards a more flexible organisation of work; and a concerted attack on organised labour.

The implications of these changes, so far as the internal relations of work are concerned have included declining levels of trade union membership and of the influence trade unions can express on behalf of that membership; the introduction of seemingly anti-union legislation; and the attitudes and policies of management, (Marsh, 1992. Hyman 1989) added to the demoralising effects high levels of long term unemployment have on both the individual and the community. (Ashton 1986. Gordon 1988. Hudson & Sadler op. cit.)

One serious consequence of these high levels of unemployment, as far as this study is concerned, has been its effect on the trade union movement. Across the decade of the 1980's (1979-1989) overall union membership fell from 13.3 million to 10.1 million, with trade union density falling from 56.9% to 41.2% (Kessler & Bayliss op. cit.) This dramatic decline in membership is held to have had an equally

dramatic effect on trade union attitudes and influence, as will be discussed below.

If unemployment has had an adverse effect on the trade union movement generally, then the effect on the individual has been catastrophic. All of the available literature on the subject describe the individual experience of unemployment as a corrosive one, often resulting in physical, mental as well as economic deterioration. (Ashton op. cit. Gordon op cit. Allen et.al. 1986. Seabrook 1982. Sinfield 1981.)

For the purpose of this study the most important consequence of unemployment is the effect it has on income. The evidence that unemployment reduces income to such levels that those experiencing it are reduced to poverty is overwhelming . (Ashton op. cit. Gordon op. cit. Allen op. cit. Seabrook op. cit. Sinfield op. cit.) As Gordon tells us ...

Unemployment, and the reliance of the unemployed on benefit, leads to a massive drop in the standard of living of those loosing their jobs. Temporary relief may be available for those who receive some redundancy pay from their employers, but for those not eligible and solely and immediately reliant on unemployment benefit it means

the onset of a low income. The longer the duration of unemployment the worse the situation becomes.

(op. cit. p 60.)

This view of the economic circumstances of the unemployed is as true of Consett, the 'Jarrow of the 1980's' as it became known in the media, as anywhere else. (See chapter 4.) High levels of unemployment also have an effect on the workings of the labour market, especially the price mechanism of that market. ...

All things being equal ... the price of labour will be low if there are more sellers than buyers, in other words, if the supply of labour exceeds the demand for it. (Fevre 1992. p. 25.)

This unemployment induced spiral into poverty, with the consequent desperation for employment, has been exacerbated by the Conservative governments attitude towards income support levels for the unemployed. Fearing the negative effect on work incentives from 'high' levels of income support, and believing in utilitarian idea of 'less eligibility', benefit levels across the 1980's have been allowed to fall in relation to average wages in an effort to increase the incentive to work. Gordon argues that

At the policy and political level it seems as if the relief of poverty amongst the unemployed rates very poorly as an objective in comparison with maintaining financial pressure on the unemployed to get back to work - even if there is very little work to get back to. (Op. cit. p. 61.)

This erosion of benefit levels has arguably had a 'knock on' effect on the price mechanism of the labour market as employers have taken advantage of the reduction in the reservation wage of workers due to lower benefit levels to lower the cost of labour. (Fevre Op. cit.)

In 1974 the then Conservative government created the Manpower Services Commission (M.S.C.) to ...

... manage employment and to help in the process of structured change.

(Benn & Fairley 1986 p. 2)

Started as a small public agency it became

... a huge organisation whose activities are changing the nature of British society, in particular jobs, training and education.

(ibid. p. 1)

The effects this agency has had on the workings of the labour market in Consett will be discussed in greater depth in the next chapter.

Salaman (op. cit) believes that these, and other examples of employment related social policy, point to the fact that work and employment are themselves highly politicised. Since the 1960's, successive governments have attempted in one way or another to control incomes and, since 1979, unemployment has been used as a tool by the Conservative government

... to attack organised labour

in an attempt to ...

... reduce labour costs, to change trade union attitudes, and to allow the 'rationalisation' of work practices. (Salaman Op. cit. p. 65.)

... and much of the literature would support this view. (Marsh op. cit. Wood 19???. Kessler & Baylis Op. cit. MacInnes op. cit. Brown 1984.) There is also a great deal of consensus on the other forms this concerted attack has taken, as again, many commentators agree that much of the legislation directed towards employment has been of an anti-

union nature, in that it has attempted to weaken the collective response of organised labour.

Margaret Thatcher's view of the employment relationship is a unitary one, as can be seen by the following ...

We must reject utterly the idea that a division exists between management and workers is an inescapable fact of life. ... management and workforce have a common interest in keeping companies profitable. ... Those who achieve a partnership between management and workforce, whose productivity is rising, who create a market and satisfy it, will be leading the way to industrial recovery. (Extracts from a speech made by M. Thatcher in Hereford 1980.)

Allied to this unitary view of industrial relations was her belief in individualism rather than collectivism. (As demonstrated by the now famous 'there is no society, only individuals and families' speech). Given these two facts, it is perhaps inevitable that the employment legislation drafted by the Thatcher government should have an emphasis on individual responsibility rather than collective action. ...

The key idea was that collective action and its restraints on individual choice should be made to give way to wider individual preferences on whether or not to join a trade union, or cross a picket line, or join a strike even if the majority had voted in favour of it.

(Kessler & Bayliss Op. cit. p 58.)

The unions were perceived as too powerful in several areas. For example, in wage determination their industrial power enabled them to drive wages above what was compatible with effective performance; they insisted in protected practices which prevented increased productivity; they were opposed to change as they saw it responsible for, at best, the de-skilling of labour and, at worst, its displacement; that trade unions usurped managerial authority where and when ever they could. (Kessler & Bayliss Op. cit..) The employment legislation, aimed as it was in reducing these powers and taken in conjunction with the economic policies introduced by the government, succeeded in ...

... reducing the role of the state, allowing market forces to operate more effectively, and reducing the capacity of trade unions and shop

stewards to resist incomes policies and managements 'right to manage'. (Salaman Op. cit.. p. 66.)

It is not the remit of this work to investigate in any in depth way the scope of the employment legislation enacted by the Conservative government during the 1980's, it will be sufficient to describe the broad objectives of that legislation which have taken the form of: the restriction of employment protection; the restriction of immunities enjoyed by the trade unions; the debilitation of the trade unions; and the repeal of auxiliary legislation. (Wederburn 1985.)

This legislation resulted in a 'programme of deregulation' (Anderman 1992) of both collective and individual employment rights. A further attack on the collective rights of workers, in place prior to 1979, was the withdrawal of legal support for trade union recognition. There has also been a narrowing of trade union immunities, making them liable to legal action if certain, highly restrictive, conditions were not met. One important aspect of this narrowing, for the purposes of this study, has been the prohibiting of sympathetic or secondary action to support recognition claims. (see Chapter 7.) At the same time there has been a widening of the employers immunities allowing them greater

freedom to dismiss employees engaged in industrial action. (Anderman op. cit.) The deregulation of individual rights have been designed ...

To ensure that employment relations reverted to the basic principle that terms and conditions of employment are matters to be determined by the employer, and by the employee concerned, where appropriate through their representatives, in light of their own individual circumstances.

(Anderman ibid. p. 12.)

The representatives referred to in the above quotation would, pre-Thatcher, have almost certainly been trade union representation. Post-Thatcher, it is as likely to be a non-union works committee as it is to be an officer of a trade union.

One effect of this process has been the restoration of the individual contract of employment as the base on which the employment relationship is built. In line with this, and to give greater protection for small employers from what was seen as restrictive legislation, the qualifying periods for employment protection rights such as redundancy payments, unfair dismissal and maternity rights were extended from one to two years. This incremental legislative process enacted across the 1980's by the

Conservative government, aimed as it was against organised labour, can be seen as an attempt to legislatively underpin Thatcher's unitary perspective on industrial relations, and her belief in individual rather than collective responsibility. (Kessler & Bayliss Op. cit.)

The changes in the political and economic climate described above have, as already stated, resulted in a weakening of the trade unions ability to represent membership interests and, as a consequence, management have been able to exploit the situation to increase their control over the organisation of work. (Salaman Op. cit.) This catalogue of changing circumstances, and the resultant redistribution of power in the workplace has instigated a wider debate as to whether a 'new industrial relations' has developed during this period. (Kessler & Bayliss Op. cit..) One view holds that a 'macho management' has developed, that has vindictively taken advantage of the situation to achieve agreements on the organisation of work that would have previously been unattainable. The other is a softer view, in that management policy has simply reflected the prevailing circumstances and has been driven by the recession into making changes in the organisation of work in order to remain competitive. Marsh (Op.

cit.) believes that 'macho management' has only emerged in industries or plants that have always had a poor industrial relations record, or in firms that are in serious financial trouble. This is a view that is supported by Salaman who states ...

It is not simply a matter of 'macho' managements taking advantage of large scale unemployment and a Government which is hostile to trade unions to settle old scores, though there may be some managers who think and act in this way. Rather, it is the situation in the product market which is forcing change on management. Markets have declined; there has been an intensification of competition both at home and from overseas; and there is great uncertainty.

(Salaman Op. cit. p. 67.)

Both of these views accept the point that the balance of power has shifted from the workers towards management, and given the economic circumstances, perhaps the shift was inevitable.

Within capitalism, corporate managerial strategies will reflect an appreciation of the various conditions which are recognised as those of corporate survival. (Salaman Op. cit.. p. 67)

Salaman's thesis is upheld by Edwards who states that the available evidence is ...

... consistent with the view that change is due to the pressure to increase efficiency. (1985 p. 8.)

... rather than a systematic attack on union organisation.

Salaman's thesis is that organisational survival is the primary goal of management and that unions can only be allowed to bargain on issues that do not threaten that survival. As part of the States **productive function**, (Ashton op. cit.)

organisational survival at B.S.C. may not have been determined simply by profitability, but rather by maintaining an acceptable level of production. In the post-war years of reconstruction there was a need for high output from the primary industries, of which iron and steel making was one, and it may be that profit was of only secondary importance. Given this need for output, Salaman's thesis would put the extent of trade union control within the 'company', certainly in the post-war years, in a much different context.

Most of the informed opinion within the literature takes the view of Salaman and Marsh, who

state that apart from a few specific examples such as the miners, British Leyland, P&O and the print unions at Wapping, there has not been a major attack on trades unions. (Edwards Op. cit. & 1987. Kessler & Bayliss Op. cit..) What has occurred however, has been important changes in both the external and internal relations of work. For example, there has been a ...

... reconstruction of the division of labour, the intensification of control mechanisms, and the flexibility of the production process... achieved through the elimination of 'restrictive practices' and the achievement of flexible working.

(Salaman Op. cit.. p. 69.)

... and an apparent rise in a consultative approach which suggests a move away from industrial relations in the traditional sense of bargaining with trade unions. (Edwards 1985 p. 8.)

Management have in fact ...

... asserted the right to manage, not by attacking negotiatory or consultative arrangements but by changing the way in which they are used. They have not ridden roughshod over workers interests but

have tried to persuade workers of the benefits of accepting and co-operating with the logic of the market as it is interpreted by management.

(Marsh Op. cit. p. 201)

This reference to the 'logic of the market' that workers are 'persuaded' to accept is perhaps the modern, and covert, equivalent of the 19th. Century 'sliding scale' that the workers at C.I.C. were 'persuaded' to accept.

The reality of this restructuring of the internal relations of work for those on the 'shop floor' has been mainly in the areas of collective bargaining, job description and payment structures. In the area of collective bargaining two major developments have taken place, firstly there has been a reduction in industry wide bargaining, with moves towards enterprise and even plant bargaining. Secondly, and more importantly for this study, there has been a reduction in the range of subjects covered by collective bargaining, with new style procedural agreements that have re-established managements right to manage. In the area of job description there have been moves away from Taylorist work design towards a more flexible organisation of work. For example horizontal flexibility is occurring where maintenance jobs are

being merged to make 'multi-skilled' craftsmen, and vertical flexibility is cutting across work group boundaries, where in some instances, operators are engaging in quality control, machine setting and minor maintenance. In the area of payment systems there have been moves to link pay with performance and a growth of profit sharing schemes, in a belief that they will increase employee commitment and incentive. Payment structures have also been simplified in an attempt to achieve greater flexibility and reduce job demarcations with the result that there are fewer grades with greater wage differentials between them. (Kessler and Bayliss. Op. cit.)

If all of these climatic changes in the external environment are taken collectively; unemployment and its effect on the attitudes of those experiencing it; the drop in trade union membership; the unitary legislation of the Thatcher government; the need for efficiency in the name of organisation survival; it can be seen that there have been major changes in the organisation of work and the distribution of power within the workplace.

Despite this general drift to a more individualistic, unemployment dominated situation in the labour market there still remain a of 'ideal type' employer strategies. These are outlined below

and will be used for comparative purposes in the rest of this study. Firstly there is the **'Traditionalist'** approach, which is basically unitary and therefore anti-union in nature. Secondly there are **'Sophisticated Paternalists'** who still hold the unitary view but spend considerable time and resource ensuring that their employees see no need for trade unions. Thirdly there are the **'Sophisticated Moderns'** who recognise that trade unions can be of use in regulating the industrial relations system and therefore legitimise the trade unions role in certain limited areas of joint decision making. This group can be further divide between the **'Constitutionalists'** who have clearly defined agenda for collective bargaining which will only be extended in return for concessions from the trade unions in other areas, and the **'Consultors'** who accept the premiss of collective bargaining but attempt to limit its agenda by placing a great emphasis on joint consultation. Finally there are the **'Standard Moderns'** who make up the largest group and are reactive rather than pro-active and consequently treat industrial relations as a fire fighting exercise. (Fox 19) These 'ideal types' of management practice exist across a continuum that extends from the unitary to the pluralist perspective, from the individualistic to the

collective, and with many shades and variations along the way. However, the trend towards a more individualistic, management dominated situation in the workplace may have resulted in a realignment of managerial policy within this 'ideal type' framework.

CHAPTER 4.**THE LOCAL ECONOMIC AND POLITICAL CLIMATE :
1980 -1990.**

It would be difficult to over-emphasize the gravity of the employment decline experienced in Consett - it is, at least in some respects a 'redundant space'; at the same time it is not a redundant space to those who (ultimately) have to live there - for them, it still has meaning as the place where they live, if no longer work.

(Robinson & Sadler 1985. p. 113.)

We are seeking people who are prepared to work on a casual basis, with extremely flexible hours. We can accommodate from 3 to 10 hour stints throughout the 24 when work is available. Applicants must have very nimble fingers to cope with the work involved, and be prepared to work at 24 hours notice.

(Advertisement for a local engineering plant.

April 24th. 1990.)

If the conditions of the national economy outlined in the previous chapter can be described in meteorological terms as a 'depression' then those prevailing in the local economy of Consett can only be described as 'cyclonic'. In local terms, given the dependence for employment on the B.S.C. plant, and to a lesser extent the N.C.B., the most devastating 'climatic' change was the introduction of market forces to public sector industries at a time which coincided with a world wide recession and a consequent fierce competition for markets. Previously, employment in the State's '**productive function**' (Ashton 1986) had provided a shelter of sorts against the worst vagaries of the marketplace, however, the government's decision to remove those shelters by subjecting them to market forces simply resulted in an exacerbation of what was already a growing problem for the area.

Unemployment in Derwentside had increased steadily during the 1970's in line with regional trends and by mid 1980, prior to the closure of the 'company', the area had one of the highest rates of unemployment in the North, standing at 14.9%.

(Derwentside D.C. Oct 1980) (1) The period from 1978 to 1981 saw a reduction in manufacturing jobs of over 8,000, which brought unemployment levels in the area in excess of 26%. The major cause of this

unemployment was the closure of the 'company', 96% of whose workforce resided in Derwentside with 80% living in Consett itself. (Hudson & Sadler 1991) There was also a major 'knock on' effect in the local labour market, a fact recognised by the Local Authority who stated that ...

Unless the jobs lost in steel making are replaced quickly, other jobs in the district are likely to be affected, both directly - in firms supplying goods and services to the works - and indirectly. The loss of trade in, for example, shops, clubs, pubs, estate agents and building firms could mean a further 800 jobs or more lost. (Derwentside D.C. Op. cit.)

One of the first initiatives directed towards redressing these problems in the town was taken by the M.S.C. Created to overcome some of the problems associated with unemployment, and given the extent of the problem in Consett, the M.S.C. quickly became established as a major part of the local infrastructure. Emphasising, as it did nationally, the need to provide a trained workforce ready to take advantage of any new jobs created, the influence of this government agency on the local labour market became substantial. With the support

of the local authority and other local agencies such as the Y.M.C.A. and the Boys Brigade, the numbers on M.S.C. schemes increased annually until, by 1986, the number of people involved stood at 1,929. This figure can be contrasted with the 1,323 employed by the local authority at that time, by then the largest employer in the district.

(Derwentside D. C.)

Since its creation, the M.S.C. has been a controversial and highly criticised organisation. The M.S.C. itself recognised that it could offer only a limited response to the problem of high levels of long term unemployment. (Benn and Fairley 1986. Finn 1987. Gordon 1988)

Advertised as providing training and retraining for the unemployed the schemes have proved little more than a stop gap. While offering some alternative to unemployment and a relief from the some of the problems associated with it, the main objective, according to Gordon, has been to ...

... boost the number of places, almost regardless of work content and certainly regardless of training needs. (Op. cit p. 105)

Hudson and Sadler, (1984) describing the situation in Consett, state that schemes represented no more

the an attempt to perpetuate the very system that had caused the problems in the first place.

Some critics argue that there are other, perhaps more covert, mechanisms at work within these training and job creation schemes. For example Benn and Fairley (Op. cit.) believe that the schemes themselves, the deliberately low allowances that are available to participants on them and the extent of the coercion involved, has made them ...

... a very effective means of maintaining control in the labour market . (p. 227)

and that they should be seen in the context of a ...

... drive to restructure the labour market and to lower wages, particularly youth wages. (p. 227.)

The potential for this control, especially over the young people in Consett's labour market, can be seen in the fact that during the years 1982 to 1987 the average percentage of school leavers destined for a place on a youth training scheme was 42%. Since then the numbers of school leavers entering training schemes has dropped off, due in the main to a corresponding increase in the numbers continuing in full time education. Figures for the destination of

those completing the training schemes are only available since 1990 and show that almost 50% return to the ranks of the unemployed. (Durham County Council Careers Service)

The effect on the unemployed, both young and old, should not be underestimated, as the following statement shows.

Governments have to be seen to be doing something to overcome the problem of unemployment, and these schemes have been a major part in that. We are supposed to keep people 'attached' to the world of work so that they are better able to take advantage of job opportunities that might come their way. This work experience is only ever partial, no one on them ever gets near a trade union for instance and to call what money they get 'wages' is an insult. They (the schemes) have always been under-funded and the training has never been what it could have been in my opinion, at least not in Consett. I read once that instead of doing something for the unemployed we seem to be doing things to them, it is a view that at times I would have to agree with. ... I can't give you figures, but over the years I have been involved, only about 10% have

ever got a job through being on a scheme.

(ET Agency manager in Consett, who has been involved with the various schemes since 1981.)

To return to the labour market itself, by 1981 Derwentside had lost 63% of all manufacturing jobs, (Robinson & Sadler 1984) and the extent of the trauma caused in the community by these high levels of unemployment, and the consequent fears for the future can be seen in the following statement made jointly by the local clergy.

We ask you publicly to express a real understanding of the plight of men and women who have no jobs, who see little chance of getting jobs anywhere, and to whom the whole purposelessness of weeks, months, years perhaps, of unemployment will sap their spirits to the point where all hope is lost, all self respect extinguished. (Open letter to the Prime Minister. Financial Times 23 Dec 1980)

Again, mirroring if not exceeding national trends, the effects on the trade unions represented in the town were catastrophic, especially the I.S.T.C. Within the 'company' the union had 16 separate, and to a large extent autonomous, branches, however the closure resulted in those branches ceasing to exist, to be replaced with a

small I.S.T.C. presence in order to service retired members in the area.(2) Of the other unions organising within the town, only anecdotal evidence exists but it would suggest that they were also haemorrhaging members during the early part of the 1980's. (3)

The last chapter outlined the corrosive effects of unemployment for the individual in general terms, however, if individual experiences of unemployment in Consett are examined then those consequences become graphically explicit. The scope of the problem also exceeded the national experience, as the following statement would suggest ...

The town was built on steel, and to an extent coal as well. It had an inbuilt confidence that it could cope with anything, but the closure affected every family in the town in some way and that collective confidence was destroyed. It was not until the closure that we fully realised the extent of our dependence on the 'company'.

(Alec Watson, Leader of the Labour Group,
Derwentside D.C. Aug 1991.)

All of those interviewed who had experienced unemployment during this period talked of the economic hardship suffered, of unemployment being

'like a disease', and of the desperation to find employment. Perhaps the most telling statement came from an ex-steelworker now in his early 60's who has never worked since the closure. Talking of the early 1980's in Consett he said ...

It seemed that the 30's became the standard of measurement by which poverty was judged, almost like a definition. People said with pride that things were not as bad as the 30's. They seemed to imply that the situation was not bad unless it was as bad as then. Christ, did it have to be as bad as that before we could be considered poor? (May 1991)

Evidence of Fevre's (1992) argument on the workings of the labour market and the relationship between unemployment and wages, outlined in chapter 3, are also borne out by the experience of the workers in Consett, as expectations of other employment for comparable wages were soon destroyed. Some ex-steel workers believed that the wages on offer at the 'company' were the norm, but the cold light of labour market economics, and the fact that, for most, their skills were non-transferrable, soon resulted in a re-adjustment of expectations. For example ...

In 1984, I went for a job that was going for £40 per week. I don't know if they really expected people to actually work for that, but I took it because it paid more than the 'dole'.

(Ex-steel worker. Jan 1991.)

This attitude of work for almost any wage was not simply reflected in the attitudes of the ex-steelworkers. As Alec Watson states, given the extent of the problem in the town, almost everyone was in some way touched by the high levels of unemployment. Of the people interviewed who were not previously steel workers, but had been made redundant from other sources of employment in the area or had spent time unemployed after leaving school, almost all recounted similar experiences and attitudes. For example ...

It's alright some people talking about fair wages and the quality of work and job satisfaction, they are the ones who are already in decent work. All I want is a job, any bloody job.

(Billy, unemployed, Dec 1990)

and ...

... After your first Christmas on the dole you are still hopeful of getting a decent job, after the second you are so desperate you will take anything.

(Jim Oct 1991.)

These views are upheld by Ashton who states ...

... evidence from the long term unemployed suggests that their main aim is to return to work ... to get a job, and to get out of their present situation. (Op. cit. p. 160-161)

One of the main agencies concerned with the re-generation of employment was the Local Authority. Local authority involvement in local labour markets is not a recent phenomenon, as far back as the 19th. century many were involved in the provision of utilities such as gas, electricity, and water. In the area of industrial regeneration, local authorities became involved as early as the 1920's in the provision of land and factory units. (Kieth-Lucas & Richards 1978) However, it was not until the 1970's and 1980's that local authority initiatives in the area on industrial regeneration were ...

... legitimated by central government, which has been keen to see an increased involvement by

local government in the realm of economic\industrial development. (K. Shaw 1986. p. 272)

This keenness referred to by Shaw has resulted in

... central and local government, as well as regional agencies, ... pursuing ... a plethora of initiatives aimed at promoting economic regeneration. (Cross & Payne 1991 p. 57.)

Derwentside's reaction was characteristic of these responses. ...

In 1979 we saw that things were indeed serious, and that something would have to be done. We created D.I.D.A. (Derwentside Industrial Development Agency.) in partnership with the B.S.C.I. (British Steel Corporation Industries.) and within the council we established an Industrial Development Department to handle the investors we hoped would be attracted to Derwentside. (Alec Watson, Aug 1991.)

The Industrial Development Department's main objectives were the reclamation and preservation of the environment; the development of the built environment, to improve the infrastructure and to provide the types of factory units and other

premises that they believed modern industry requires; and to provide support for existing and new business initiatives. (Industrial Development Department)

Given the problems that had been created through the dependence on one major employer for much of the town's employment the redevelopment strategy was aimed at bringing a diversity of small firms to the area.

Because part of Consett's problem was the dependence on one large employer there was a conscious decision to go for smaller firms with the potential for growth. We wanted a more diverse and robust industrial base. We would not have turned away a major employer but we tended to try and attract and encourage smaller units. This policy may have changed because we have to a certain extent achieved that diversification.

(John Pearson, Industrial Development Officer, Derwentside. Aug 1992.)

The success or failure of these initiatives has been the focus for much debate, (Hudson & Sadler 1991) however Pearson takes the view that ...

In terms of what was expected of us in 1980, both by the community and the authority, we have been a resounding success. In absolute terms it is another matter, we still have high levels of unemployment in relation to the region, and nationally, but we are getting there. We have created more jobs than were lost with the closure and they are now of better quality than at first. (Aug. 1992.)

This claim to 'resounding success' is disputed by Hudson and Sadler who argue that uncertainty exists in relation to the regeneration claims of the local authority. They argue that ...

There is no doubt that net growth has taken place - but there is debate and uncertainty as to its magnitude, its character, and its proximate cause. (Op. cit. p. 1)

Quoting Durham County Council as 'the most authoritative source of information' they describe the net increase in manufacturing jobs between 1981 and 1989 as 1,270, of which 850 are male and 1,070 are full time. (op. cit. p. 2.) They do, however, concede that ...

... in a decade of continuing national decline in manufacturing employment, this could still be seen as a very reasonable commendation of local economic policy in Derwentside. (ibid. P. 2)

Further criticism has been aimed at the local authority; seen to be driven by the same imperatives as the individual unemployed person, it has been accused of accepting jobs at any price. For example Hudson and Sadler state that ...

It would seem, perhaps understandably, that in the context of the B.S.C. closure, an element of seeking employment at any price became prominent in the implementation of ... D.D.C.'s development policies. (ibid. p. 4)

This is a criticism that is accepted, though mitigation is offered to the critics ...

I would have to agree that the majority of the firms we have attracted have been non-union and have paid low wages, but we have to live in the real world. If we insisted on trade union membership or high wages before we would help anyone, they would simply go somewhere else. We do insist that firms operate legally, and we do try to insist that

employers pay the regional norm for their type and size of plant. We are representatives of the community and we do not want exploitation, however, at the end of the day we can not dictate those sort of terms. (John Pearson Aug. 1992.)

These criticisms may have been influential in changing the direction of the district council's strategy ...

To achieve higher wages and union recognition for workers we need to create a better climate for them. To do that we need a major employer to come into the area to provide competition for labour, then we will see decent wages and union membership. We have recently lost out in the competition to bring a car components manufacturer to the area who would have employed 2,000 people. That would have meant real competition for labour, and increased both union recognition and terms and conditions at work. (Alec Watson, Aug 1992.)

If achieved, this tactic may or may not resolve the industrial relations problems faced by the workers of Consett (see chapters 5 & 6) but it would take the town full circle in that its economic stability would again depend upon one large employer.

One fact in this ongoing debate about job creation what can not be disputed is the number of people still out of work in the area. Unemployment in Consett on December 17th. 1992 stood at 4,605 representing 16% of the labour force, this is in comparison with the County level which stands at 13%. (Derwentside D.C.)

Byrne and Parson, in their contribution to Anderson et.al, (1983) talk of an historical process of 'emiseration', that has created what they describe as a 'stagnant reserve army of labour'. (p. 136.) from the large sections of the population who have become surplus to the requirements of the labour market. They argue that the social policies of the state have been ...

... very largely concerned with the management of this group. (ibid. p. 137)

It could be argued that the collective experience of unemployment of the local population, and the policing effect of the M.S.C. on the unemployed individually, has seen the creation of just such an emiserated, stagnant reserve army of labour on the periphery of the local labour market in Consett, large enough to prove highly influential on the climatic conditions of the local economy.

Taken with the fact that the traditional organisations of working class solidarity and protection have been severely weakened, as outlined in chapter 3, it can be concluded that the climate is one more suitable to capital than labour. Hudson and Sadler (Op. cit.) believe that

... the significance of these facts to new employers in terms of enabling (if not encouraging) great selectivity in recruitment has become particularly apparent ... new firms, especially inward investing ones, have been able carefully to assemble their desired workforces, typically young, without previous experience of work in a factory, very aware of the limited job prospects within Derwentside and so willing to exhibit the commitment and attitudes to the company and their work that their new employers want to see. (p. 10.)

NOTES TO CHAPTER 4.

1. Because of the difficulty of getting separate figures for the labour market in Consett, some figures, by necessity refer to Derwentside.
2. This I.S.T.C. branch still exists in the town and has, since Dec. 1983, been involved at Director level in a Community Programme Scheme (now Employment Training Scheme.) providing household insulation through the Energy Support Unit, Villa Real Industrial Estate, Consett.
3. All the unions organising in the town were approached in order to establish the extent of membership loss suffered in the area during this period. None could give more than anecdotal evidence of huge losses in membership. One union research officer replied to the request with the answer **Shit! I'll never be able to get those figures. No bugger had the whit to keep a record.**

CHAPTER 5.

CASE STUDY : GRORUD ENGINEERING LIMITED.

I discussed with several people the question of unions. People from England and from the Embassy, and the local people here. Whatever they said the statistics were not good. This was in the Arthur Scargill era, so many strikes and disputes, so it was far from a perfect situation. The advice I was given was not to bother with a union at all, but I have always been for a union system because I believe there would be a lot more chaos without them. How necessary unions are now can be debated, it's necessary for different reasons than in the past when they fought for the daily bread. Things have developed a little bit further now and unfortunately a lot of the unions have got victimised. I feel they are probably not sure who they are representing or who they are doing good for. That is just my personal comment.

(Karl Sandoy. Managing Director, Grorud Holdings (UK) Oral interview August 1991.)



A\S Grorud Jernvarefabric, a Norwegian light engineering firm, established in 1917 by the Bratz family, came to Derwentside in 1982 under the name of Grorud Holdings (UK), and created Code Designs Limited. The company had, according to Derwentside D.C., been attracted to the town by ...

... probably the best project package in the U.K. (Hudson and Sadler 1991 P. 4.)

a fact that is readily accepted by the firm ...

We have now been through the grants system four times. But I have found no less willingness to help the fourth time around than I did seven years ago. (Karl Sandoy. North East Business View Vol 2 No 9. 1989 p. 19.)

During the process of establishing the plant in Consett, and before any employees had been engaged, Karl Sandoy, representative of the Bratz family in England and Managing Director of Grorud Holdings (U.K.) , approached the local authority to ask their assistance in choosing a trade union to represent his still to be hired workforce. The method used to choose this union, and the subsequent limitations

imposed upon it are highly indicative of Sandoy's attitude toward industrial relations.

Provided with an office by Derwentside D.C., Sandoy invited three unions to jointly discuss the representation of his proposed workforce; these were the Amalgamated Union of Engineering Workers (AUEW), as it was then, now the Amalgamated Engineering and Electrical Union (AEEU); the General, Municipal and Boilermakers Union (GMB), and the Transport and General Workers Union (T &GWU)

I wanted a union, but I only wanted one. When they came for the meeting I asked them for advice, which one I should choose. They were taken aback by this and would not help me. I said to them if you are unable to guide me in this simple question there must be something I am not aware of. I said if you are hiding something then perhaps I am better off without a union at all. I told them I was going for my lunch and when I returned I wanted to know which union it was going to be. This was probably the most strange and silly request they have ever had. I understand things a little better now and I understand that they are competitors in a way, but they eventually took it very sportingly.

(Karl Sandoy June 1991.)

The outcome of this strange selection process was a single union deal with the AUEW

It was agreed between the unions concerned that we should be allowed to organise this factory as it was most likely that, given the nature of the product, the workers recruited would already be in our union. (Tom O'Neil Aug 1991, then organiser in Derwentside.)

One further issue required resolution; that being the type of representation to be allowed. The union, quite naturally, wanted the traditional shop-steward system in place; a representative directly elected from the workforce, by the membership, to be responsible for the day to day tasks of trade union organisation and representation. Sandoy, however, had another system in mind.

I was very keen on using a system I had been experimenting with in Norway. That was instead of having just one shop-steward, or one elected representative only, I wanted more people involved, I wanted a works committee. This would be a forum where we could discuss everything of interest, everything from the working environment to, well once a year I would like to discuss wages with them

and those sort of things. This committee would through time have 4 worker representatives on it and 2 from management. This unequal representation was to make it clear that we will never take a vote, we will never vote on anything. I would like for them to discuss things until they reach an agreement.

The union had problems with this, they said fair enough we don't like it but it could be an interesting experiment anyway, but we must have a shop-steward. I said we can not have a shop-steward, I am quite determined with this. I asked what do you need from a shop-steward that we cannot give you through the works committee, you now have 4 shop-stewards not just one, plus 2 people from management who will obviously have a full understanding of what your problems will be. It must be possible to get all you want through the works committee that you could through a shop-steward. We corresponded on the subject and the union told me that they were sorry but there must be a shop-steward. I told them that if they insisted in this then there would be no union at all. To help them come to terms with this situation I said that if they could give me a list of what tasks a shop-steward had to fulfil I would make sure the committee did them. The only thing they came back with was that there was a quarterly

statistic that the steward had to send in to the union. (Karl Sandoy June 1991.)

The union, in order to realise the offer of recognition, eventually agreed to this ultimatum regarding the system of representation, taking the pragmatic view that some trade union presence was better than none.

At least we were in there. Once established in the plant I felt that we would eventually be able to organise things more to our choosing.

(Tom O'Niel Aug. 1991)

Once Sandoy's '**rigorous industrial relations criteria**' (Hudson and Sadler op. cit. p. 7) had been accepted by the union an agreement was signed by both parties under which ...

1. a) The Company recognises the A.U.E.W. as the appropriate Union to be given the sole negotiating rights for ALL hourly paid employees at the Castleside plant.

(Their emphasis.)

b) Whilst membership of the Union is not a condition of employment the Company will encourage its hourly paid employees to join

the Union and take an active part in Union activities.

(Agreement signed between Code Designs Limited and the A.U.E.W. 21 - 5 - 1982.)

With the recognition agreement signed Sandoy started to recruit his workforce, and his experience of this early recruitment gives graphic evidence of the need for employment in the area.

We advertised for 6 women to assemble heavy duty hinges and we were astounded when we received over 1,600 applications. (Karl Sandoy June 1991)

Since locating in Consett the company has been restructured several times until Code Designs Limited became three separate Companies, comprising of Gorud Bison Bede Ltd, a company manufacturing stair-lifts for the disabled; Gorud Industries Ltd, producing door and window fittings; and Gorud Engineering Ltd, (G.E.L.) the largest of the companies, producing pressed metal parts for firms such as Black and Decker, Nissan, Fisher Price and Plessy. Since 1989, the major provider of work for the G.E.L. plant has been I.B.M., for whom they make and assemble a complex, touch sensitive, 'lift,

tilt and swivel' pedestal for computer screens. It is with G.E.L. that this study will be concerned. At the time of starting this work (1990) there were 176 employees at G.E.L. of whom 82 were male and 94 were female.

On winning the I.B.M. order G.E.L. underwent a major internal restructuring including a change in management personnel. This restructuring was implemented because the plant was ...

... falling apart at the seams. The workforce was diabolical and the management was just as bad. The place was like a holiday camp.

(Vivian Foster Personnel Officer Jan 1992)

John Smith, the new production manager brought in to carry out the restructuring does not wholly agree with this ...

Certain elements in the workforce were not performing but the workforce can not be blamed for that. There is no such thing as a bad worker or a poor workforce. It is management's responsibility to make sure that workers have the training and resources to do the job properly. If management are fulfilling this responsibility and some workers are still not up to scratch then it is up to management

to get rid of them. We now have a superb workforce, malleable, and willing to work.

(John Smith Sept 1992)

Smith is described by most as being from ...

... the 'old school' and 'totally autocratic'. He will not put up with absenteeism or insubordination, and he sometimes goes outside the procedures. ... He is becoming a little bit more diplomatic now he has sorted things out.

(Vivian Foster Jan. 1992)

This is a point that Smith would agree with himself ...

There are three types of management, autocratic - and I came in as an autocrat, democratic - which is what I am now, and laissez faire - which I am trying to achieve. (Sept 1992)

This response from Smith, and his protestations of democracy, may simply represent a diplomatic response to a question concerning management ideology and attitude. All of the people spoken to, either in an interview or in general conversation during lunch and tea breaks, saw him as a hard-line

autocratic manager, who made few concessions to anyone.

Production in the plant is split into three separate processes, each with its own workforce, although, as stipulated in the recognition document, movement of personnel between them occurs. (see below) Firstly, there is the press shop where the metal components are made using heavy duty hydraulic presses; secondly there is the paint shop where the pressed components are sprayed with an epoxy polyester powder and then fired in ovens to give a high class finish to the product; thirdly there is the assembly shop where four assembly lines complete the process. Ancillary to these productive functions are the engineering department which makes many of the dies required for the presses, and which carries out all maintenance work throughout the plant; and a stores department, which supplies raw materials and dispatches the finished product.

The workforce in the press shop is almost all male; in the paint shop the gender division of labour is about even; while the assembly department is totally staffed and supervised by women. When asked whether this gender division of labour was deliberate John Smith replied ...

I am not interested in who does what, I'm only interested in getting the job done. My job is to see that the company makes money, operates at a profit, and if I have to use monkeys to do that then I will.

This disingenuous view is not one held by everyone however ...

The assembly lines are all female because the job requires dexterity and women have smaller fingers than men, so men would find the job physically difficult to do. Also the job is boring and men can't switch off in the way women can. There is a tremendous team spirit on the lines because the workers are all female. The men are better off in the press shop where the work is harder, more physically demanding. (Vivian Foster Jan 1992)

The production workers are, as a consequence of this division of labour, paid different levels of wages, however due to the flexible organisation of the workforce involved in production there is no evidence of job ownership whatsoever. A system of total flexibility exists between the different productive functions when production demands and skills allow. The only demonstrable job ownership exists within the tool-room and maintenance

departments where time served craftsmen have been able to preserve the traditional demarcation between themselves and the production workers. This deficiency in job ownership is created and maintained through the Management \ Union Agreement which states ...

2. e) The union recognises the need for mobility of labour within the Company. Employees in a department are trained for a number of jobs and due to the varying speeds of each operation it is necessary for operators to move from one job to another during the shift. Employees can be transferred to any other department (excluding Tool-room and Maintenance personnel) as the need arises. Employees will be paid either the rate for the job they have moved to or their normal rate, which ever is the greater.

There is evidence to suggest that flexibility is being extended to embrace other functions of the productive process. In the press shop the machines are 'set up' to produce whatever component is required by 'setters', trained specifically for this operation and who are a grade higher than the press operators. During the period of this study plans

were being developed to create a new grade of 'setter-operator', with some operators trained to 'set' the presses, and, once 'set' would operate them, thus introducing a 'redundancy of function' to the process rather than a 'redundancy of part'.

(Morgan 1986 p. 98) The financial incentive for this innovation for the operators selected was an increase of £20 per week; however as a consequence the number of 'setters' would be reduced as some of their number would fall back into this grade, with only the more experienced of them maintained specifically as 'setters' to accommodate for the more demanding 'setting up' operations. In the opinion of the works committee, and most other workers spoken too, this new system, when introduced, would benefit both the company and the workers concerned who wanted to better themselves.

The management insist that these levels of flexibility are necessary if the firm is to survive in the market place. John Smith believes that although flexibility reduces much of the control workers have within the employment relationship it is still in their best interests.

The people employed here are lucky to have a job at all. If we are to maintain those jobs the workers must be prepared to work when and how we

want them to. It is imperative that the customer is satisfied, if not then we all go down.

(John Smith Sept. 1992)

The workers see it in rather starker terms than Smith ...

If they ask you to do something then you do it or you are out. (Press operator June 1992)

Job ownership, or lack of it, can be identified in ways other than task demarcation, for example in situations where redundancies or lay-offs occur. Such a situation occurred during the period of this study, when due to a reduction in orders from I.B.M., G.E.L. found it necessary to 'lay off' a substantial number of workers.

Up until this present situation we have skated through the recession and we have more than held our own. However the recession has hit our biggest client and as a result we have had to shed surplus labour. We re-deployed throughout the departments as much as possible but were forced to make lay offs in the end. (Vivian Foster Sept 1992.)

The criteria for these lay offs was decided unilaterally by management, although the works committee were consulted.

Neither the workforce, nor the committee, nor the union had any say in the choice of people to lay off. To a certain extent it was last in first out, but people with bad timekeeping or sickness records were the first to go. There are rumours that another 20 are to go in the next few weeks. Everyone is looking at each other out of the corner of their eyes wondering who is going to be next. That is why no one will talk to you.

(Works committee member Sept 1992.)

Fifteen people who were on probation were let go first. The rest were selected on criteria such as time keeping, performance, attitude etc. through consultation with the supervisors. It was a very difficult decision to make, those that left were the worst of a very good bunch of workers. The works committee were consulted on who was to go although they had no say in the choice of personnel, and all in all 46 people from all sections of the plant were laid off. Most of those laid off were from the paint shop, who were replaced with workers transferred there from assembly and the press shop in order to

protect our skills base. Anyone can work in the paint shop with minimal training and when the upturn comes we will transfer these workers back to their original jobs and bring the others back in to the paint shop. If any have got other jobs then they can easily be replaced in the paint shop which is unskilled work. I know that this has caused bad feeling among some of the workforce but the needs of the company must come first.

(Vivian Foster Sept. 1992)

Evidence of this bad feeling can be seen from the following statement.

The union and the committee wanted to oppose the way in which people were laid off in the paint shop to accommodate people from the other departments, but Smith was determined and we had to go along with him in the end. (Alan Peacock, works committee member, Sept 1992.)

The way that this 'lay off' situation was handled, to protect the firm's 'skilled' workers, allied to the flexible nature of the working arrangements, could be seen as an example of what has been described as the 'flexible firm'. The idea of a 'flexible firm' was introduced as ...

... an ideal type accentuating certain features of employment relations in the 1980s and 1990s.

(Brown 1992 p. 225.)

In attempts to adapt quickly to change in the external environment the 'flexible firm' achieves numerical and functional flexibility through the creation of a 'core' and 'peripheral' workforce, with the 'core' protected through functional flexibility and the 'peripheral' workers hired and fired as necessary, giving the firm numerical flexibility. The existence of the 'flexible firm' has drawn a great deal of criticism, (Brown 1992) yet the evidence from G.E.L. would suggest that, if not specifically organised as a 'flexible firm' it has achieved levels of flexibility that has allowed them to protect the skilled 'core' of their workforce in a time of recession.

The internal labour market is another mechanism through which workers can exert control over the employment relationship, as for example the internal labour market in the 'company' described in chapter 2. However, as in the area of job ownership, the internal labour market of G.E.L. is firmly controlled by management. Recruitment to the firm is job specific with employment dependent on the applicant having the appropriate skills required.

Internal recruitment is allowed as vacancies are advertised internally first, though internal candidates are required to go through the same selection procedures as any external candidates. In the case of internal applications, supervisors are consulted as to the suitability of the candidate and management's decision is final. If an internal candidate is unsuccessful the reasons for non-selection are given, and no mechanisms exist that would allow the decision to be challenged.

The decision will have been made on valid grounds and there is no way that it would be changed due to pressure from the shop floor. The reason for non-selection would be given and if there was a particular reason then the firm would help overcome that reason to allow the person to apply at some other time in the future. As a company we try to enhance the skills of all our workers, but there is no automatic progression up the internal labour market. (Vivian Foster Jan 1992.)

External recruitment can itself be a mechanism that increases managerial control over the workforce. Fevre suggests that recruiting family members of workers already employed in a firm,

through what he describes as the 'extended internal labour market', brings in workers who ...

... will resemble the existing workforce in that they will submit to management control, or that ... the existing workforce will do the job of controlling the new recruits on management's behalf because they have been responsible for recruiting them. (1992 p. 110.)

G.E.L. has an 'extended internal labour market', as Vivian Foster states ...

We advertise internally, before going to the job centre, to give employees the chance to bring forward any family members they think might be suitable. We have an excellent workforce here now and we know we will get good people applying. It also helps to create a family atmosphere at work. (Jan. 1992)

The main conduit for collective bargaining within G.E.L. is the Works Committee, with the union only involved in a case of 'failure to agree'. Of all aspects of the working arrangements at G.E.L. discussed with the workforce, it was the works committee that brought the most emotive responses.

The document agreed between the union and the company (see above) stated that ...

3. a) The Company and the Union agree that members of the workforce employed by the Company shall be appointed to carry out duties as representatives on behalf of employees in accordance with agreed procedures.
- e) The Company have the right to object to any nomination for representative if, in the opinion of the Company, such an appointment would prejudice the smooth working of the Agreement.
- g) The Company and the Union accept a joint responsibility for the training of works representatives.

As a general principle, the agreement goes on to state that ...

2. d) The Union accept that nothing in this Agreement removes the right of direct communication between the Management and the employees and vice versa.

This agreement, as will be seen below, has allowed the management of the company to marginalise

the activities of the trade union in its efforts to represent the workforce and, consequently, been a major influence on the development of the internal relations of work within the plant. It is certainly a system indicative of Sandoy's attitudes towards industrial relations, which exemplifies what Marsh (1992) sees as the 'soft view' running throughout the U.K. industrial relations system.

Management ... have not ridden roughshod over workers' interests but have tried to persuade workers of the benefits of accepting and co-operating with the logic of the market, as it is interpreted by management. This has meant that shop stewards have a more defensive role than in the past.

(Marsh 1992 p. 201.)

Or in the case of G.E.L. no role at all.

At the time of writing the Works Committee had two representatives from the paint shop, one representative from the press shop and one representative from the assembly shop. Of these, all were union members with the exception of the representative from assembly who was volubly anti-union. The company was represented by the production

manager and the technical manager, with the personnel officer as an ex-officio member.

Originally designed to meet monthly, the committee now meets only when requested, which, in practice, is usually by management. The way the Works Committee has evolved since its inception is indicative of the power relationship between the different constituencies represented on it; the attitudes of the worker representatives; and the attitudes of the workforce generally.

We in the management team see the Works Committee as an effective and popular method of keeping the workforce informed, and in preventing and solving problems. (Vivian Foster Jan. 1992)

I use the Committee 3 or 4 times a year to give management's overview of general trends. The works reps then pass the information on to the rest of the workforce. This ensures that the message gets across accurately. One of the failures of British management has been the inability to communicate with the workforce, and I intend to see that this is not a failing here. Apart from being a conduit for information I don't think it serves much of a purpose. When it comes to wages we are informed by Mr. Sandoy what the rises will be for each

department. These are based on statistical information of current wage levels in other manufacturing firms in the area from the Employers Association. Once set they are more or less non-negotiable. (John Smith Sept 1992)

When asked if the workers should ever have an input into this decision making process, Smith followed Sandoy's line.

The workers should never have a say in the decision making process. They should be consulted, after all it is their jobs we are talking about. Keeping them fully informed gives them freedom to work in their own best interests but they should never have control.

Among the worker representatives on the Committee it is apparent that differing views exist. Jossie, a representative from the assembly shop, and who is anti-trade union has ...

... total faith in the Committee. If everyone goes with the intention of making it work then it can solve all our problems. The trouble is some reps don't believe in it so it does not work as it should. It is better than the union, all they are

good for is calling you out on strike. Given the chance the Committee can do anything the union can.
(April 1992)

An alternative view is given by Alan Peacock, a representative from the paint shop, and who is seen as an unofficial shop steward, even by Smith.

The Works Committee for all its faults is the only effective voice on behalf of the workforce, because it can go over the heads of the supervisors directly to Smith. I have informal meetings with Smith all the time, he consults me informally on all issues before he brings them to the Committee.
(April 1992)

The only other representative that would agree to an interview preferred to remain anonymous, but stated that

The Committee is not as effective as it could or should be. There is never any real challenge to management's proposals, we only pass on information. I suppose it is our own fault, but whatever the others have told you we are all frightened to speak out.

This last opinion is similar to that held by the majority of the workforce, a representation of views are as follows ...

It is a total waste of time. If we want a new clock in the canteen the Committee will get it for us, but when it comes to asking for better wages and conditions they are worse than useless. Management tells them to shut up and they do.

(Paint shop worker)

They are just the messenger boys for management. Mind you it is probably as much to do with us as them. Nobody would take their place.

(Press operator)

or ...

The Works Committee is the worst thing about this place. Some of the buggers here think that it works, how naive can you get, the reps are only on it to look out for themselves. (Assembly worker)

or ...

The works committee should be abolished. Worker representation should be totally in the hands of the union. It should be that or nothing.

(Paint shop worker)

Perhaps the best way to understand the Works Committee, and its place in the collective bargaining structures, is through the 1992 wage negotiations. The wage offer for the year was one of a 5% increase across the board for all sections of G.E.L. The press shop and assembly are on grade 8, and the paint shop on the lower grade, 9. The Works Committee representatives wanted to move towards parity for the paint shop in these scales, something they believed they had an agreement on from the last wage negotiations. Management refused, stating that there was a marked differential in the level of skill of the people in the paint shop in respect of the other workers and that parity was not acceptable. Management then insisted on a ballot of the workforce based sectionally. The result was that the engineering, the press shop and the assembly shop voted to accept the 5% offer, with the paint shop voting against with the intention of pressing for parity. On the result of the ballot, management stated their intention to give engineering, the press shop and the assembly shop the 5% increase,

and that the paint shop would have no rise at all. At this point the union was brought in by Peacock, an act that brought much criticism from the representative of the assembly shop. (Jossie)

We were brought in at the 'failure to agree'. It was obviously a constitutional matter. If an issue is to be voted on, then all the workforce should vote as a body and not sectionally. Management eventually agreed to this, but as a majority of all the membership had voted to accept the 5% anyway then the rise was imposed on the paint shop. However, our point was made, we will not allow the workers to be divided in this way. (Gerry Barry, Full Time Officer AEEU Aug. 1992)

This could be seen as the firm using the union, only when its own mechanisms for dealing with conflict have failed. In some ways it can be seen as an example of Sandoy's belief that unions are no longer sure of who they represent. It is a point that has also been recognised by others. Talking of single union deals (such as the one at G.E.L.) John Edmonds states

These deals are usually well concealed in weighty statements of principle or in convoluted

Clauses. The deals also frequently draw on systems of representation and dispute handling, which in other agreements operated by other officials to a different purpose, are perfectly respectable. So differentiating between a deal which is an honest attempt to protect working people, perhaps in difficult circumstances, and a deal which is designed specifically to help the employer, is, in practice extremely difficult.

(New Socialist March 1988 P. 12)

This is a point which will be explored in greater detail in the conclusion.

Union density within G.E.L. is difficult to establish, and depends upon who one talks to. According to Vivian Foster membership is very low.

There is no great interest in the union on the part of the workforce, I would estimate that only about 20% are members. The union itself is inactive here, and there has never been any real attempt to unionise the workforce. The workers know they can join if they want to but most don't. It sometimes becomes involved in matters of discipline, but these are usually handled by the works committee. They are quite useful to me though, I consult them if I have a problem, as I do ACAS, (Advisory, Conciliation and

Arbitration Service.) and as likely as not they help me sort things out before they become serious.

(Sept. 1992)

This view is not held by Alan Peacock,

All of the paint shop and the engineering department are members, and the density across the plant is about 70%. Those not in the union look at the membership fee and think well what can the union do for me. Generally, I think that the older people are in the union and the younger ones not, though I couldn't prove that, it's just that the young don't have any tradition for joining unions. (Sept. 1992)

This is an optimistic view, at least in the light of the statement made by the Full Time Officer responsible for G.E.L.

When I took over membership was at about 40%, and the works council members were all non-union. A disastrous situation. (Gerry Barry Aug. 1992)

This was due, Barry believe

This was due, Ba:

reasons. Firstly there was no full time official in the Town, as the office had been closed on the closure of the 'company'. Secondly, an activist in

the firm who had recruited everyone who started, had died. The main problem facing the union now, however, is retaining the membership they have.

At present the membership is about 50%, but this is falling. There is a check off system so management must be aware of the situation. When I'm asked about membership by management I tell them that a lot of members prefer to pay by direct debit. This is totally untrue, but if membership continues to fall I'm frightened we may be de-recognised. The engineering department are fully unionised because they are all craftsmen, the paint shop is also fully unionised, probably because they are the lowest paid. Where we have trouble is the press shop and assembly. The assembly shop is difficult to recruit because it is all female though once women join they tend to stay. In the press shop we have almost no members at all. This is due I think to fact that the middle management of this shop are sympathetic to non-union members which encourages people to leave, not join. I visit the place at least once a month to fly the union flag as it were, just to let everyone that we are still around. (Aug. 1992)

When informed of this last statement of Barry's, Vivian Foster replied ...

He comes once a month to get the subscription money, that's what he comes for. (Aug 1992.)

Whatever the figures of union membership at G.E.L. the attitude of management remains much the same ...

There is a union here, but if I am to be honest, it does not have much of a say in what goes on. (John Smith Sept 1992)

If the industrial relations system at G.E.L. is compared with the ideal types of management structures described by Fox (1974), it can be seen that they resemble the 'Sophisticated Moderns'. Management at G.E.L. have, from the beginning, recognised that trade unions can be of use in regulating the industrial relations system. Sandoy's **rigorous industrial relations criteria** described by Hudson and Sadler (op. cit. p. 7) gave legitimation to the trade union only in certain limited areas of joint decision making, through the mechanism of the works committee. Again, using the 'ideal types' described by Purcell and Sissons, the management at G.E.L. can be further categorised as '**Consultors**' who accept the premiss of collective bargaining but limit the agenda by placing a great emphasis on joint consultation. It is only when this

system breaks down that the union is recognised as a participant in its own right, and then only as a 'fail safe' mechanism to restore the status quo. The recognition of Peacock as unofficial shop steward, consulted and always available to Smith, is an example of how this system works. A further example is Vivian Foster's use of the official union as a consultative body to be used, along with ACAS, when she has a problem. Though the system on the face of it is primarily pluralist, it is organised in such a way that the employees' input is limited to that granted by management.

CHAPTER 6.

CASE STUDY : DERWENT VALLEY FOODS.

**Eventually all researchers in Consett come to
Derwent Valley Foods. We are after all the
future.**

(Oral interview John Pike, Production
Director Derwent Valley Foods. April 1992)

Derwent Valley Foods (D.V.F.) is without doubt the jewel in Derwentside's re-development crown. The firm started up in Consett in 1982, in a hut on the old steelworks site made available to them by D.I.D.A., producing a range of adult snack foods. Such was the early success of the firm that by the end of that year production had moved to a warehouse of 12,000 square feet, newly built and then modified for D.V.F. by English Estates, on the town's premier industrial estate situated at No. One. The trading name snacks that the firm produce are the 'Philleas Fogg' range, though they also produce similar snacks under 'own brand names' for retailers such as Marks and Spencer. The firm is referred to locally as the 'crisp factory' although they do not make the traditional potato crisps.

Derwent Valley Foods was created by four people (1) all of whom had been involved in one way and another with the food processing industry, and all with connections with the local area. The decision to set up in Consett was, in the main, due to these local connections though it was not an easy one to make.

We looked around in the north and all we saw were disasters, everything closing down. From steel works to ship yards, from coal mines to most of the

major factories which had moved up here in the late 1960's, Ransome, Hoffman and Pollard, Lonrho, Brentford Nylons, you name it, they'd all been up here and they'd all gone. Then I saw Laurie Haveron of B.S.C.I. on television talking about what a great place Consett could be. They were saying 'anybody who's got an idea for a business come and talk to us, even if you don't think you can afford to start, we think we know ways that can get you off the ground'. So we went along and told them our plans and that we needed £500,000 to do between £1 and £2 million in three years. We talked and talked and eventually they agreed to help. Derwent Valley Foods was born.

(Roger Mckechnie, Managing Director. May 1992.)

This is a very simplistic explanation of what was a long and complex process that involved the Local Authority and Barclay's Bank as well as B.S.C.I. John Pike gives another, supplementary, reason for locating in Consett.

There is no entrepreneurial tradition in this area. What few entrepreneurs there are tend to come from outside the area. The people in Consett seem culturally dependent on others for work. This is probably down to the domination of the area by the

steel works and the Coal Board. There were an awful lot of people looking for work in Consett in 1982 and we were looking for workers. (May 1992)

John Pike's assumption of Consett's dependency on others for employment is reflected in the findings of recent research on economic re-generation in similar communities during the 1980's which concluded that ...

The reluctance of such groups (redundant miners) to enter the enterprise economy reflects ... an historically shaped cultural repertoire.
(Rees & Thomas in Cross and Payne ed. 1991 p. 76.)

Since 1982 the firm has grown steadily and now has a workforce of 300 situated in two production units on the industrial estate, the original 'South plant' and a 'North plant', a purpose built factory unit completed three years ago. Each plant produces different products in the firm's range, though the South plant is the largest, and the organisation's office complex is situated in the North plant.

Among the production workers there is one main division of labour; there are 'operators' who feed and watch the machines, and there are 'packers' who ready the finished product for transport to the

customer. As at G.E.L. an easily identified gender division of labour exists, with the higher grade 'operators' being all male and the lower grade 'packers' all female. There are also ancillary staff such as cleaners and stores people, all of whom come under the lower 'packers' grade. Maintenance work is carried out by two engineers on each shift. When questioned about the obvious sexual division of labour within the production staff Pike answered ...

These gender divisions seem to be socially driven in Consett. We have always been willing to make suitable women operators, those that are strong enough to do the job, but our attempts have always failed. The men do not want them, and the women that were made up (to operators) tended to become isolated among the men and missed the company of their female friends. Those few women who were operators eventually left the firm altogether rather than go back to packing. We have stopped the practice of having women operators because it was costing us good workers. (May 1992)

It would be easy to assume that these socially driven gender roles are a result of a particularly masculine culture that evolved in the area due to the influence of the 'company' and the mines, both

almost totally populated by male, manual workers. It would also be incorrect, as gender divisions exist in all sectors of the labour market and in all areas of the country. It is simply one of a range of 'theories' that perpetuates sexual discrimination as it is in the interests of employers to have 'second class' workers and even excuses 'enlightened' employers such as Pike from making any meaningful efforts to overcome the problem.

Despite the use of the terms 'operator' and 'packer' no form of job ownership exists as the workforce are expected to be totally flexible. While a small force of cleaners are employed everyone on the workforce is expected to assist in cleaning, both the machines and the factory generally. Given the nature of the production process this is an almost constant requirement. Packers are required to do everything but operate the machines. For example,

I am a packer, but I am expected to do everything. Cleaning the machines, cleaning the floors, working in the warehouse stacking pallets and carrying the rolls of wrapping film. When you are in the warehouse the work is very heavy, more like work for a man. (Female Packer June 1992.)

There are no job descriptions as such, we all have to 'muck in' and do anything we are told to do. We clean our machines and we have to clean the floors which some of the lads don't like, we even have to work as packers sometimes.

(Male Operator June 1992.)

The only people who have any semblance of a job description are the maintenance engineers who, by definition, are responsible for planned maintenance and machinery breakdowns. Even within the parameters traditionally defined through craft control a great deal of flexibility exists at D.V.F. All of the engineers are by trade electricians, but are in fact multi-skilled in that they are expected to carry out all mechanical work as well. As with the proposed setter/operators at G.E.L. this gives them a **'redundancy of function'** rather than a **'redundancy of part'**. Any work beyond the expertise of these workers is bought in, as and when required. One of the cleaning staff has welding experience and will carry out any small welding jobs. This type of activity, involving tasks outside of the normal expectations of even the most flexible worker, had it occurred at the 'company' would have certainly involved the negotiation of an ex-gratia payment. Such is the employment relationship at D.V.F. that

no ex-gratia payment system exists, nor is even contemplated as the only reward this person gets is

... the gratification of knowing he has helped his workmates.

(Callum Ryder, production manager Sept 1992)

The factory works on a three shift cycle, and on each shift there are two supervisors, (One for Operators and one for the Packers) an assistant shift manager and a shift manager. Promotion up to the level of shift manager tends to be internal which follows the paternalist pattern of using the internal labour markets to reward loyalty and good service. (Fevre 1992, Ackers and Black 1991) Recruitment for the shop floor is handled by the shift manager on whose shift the vacancy exists.

We want the shift managers to be responsible for choosing their own personnel. They have to work with these people, they are responsible for them, and they should therefore be able to choose who they want. We only get involved at shift manager level, and usually in consultation with the production manager. (John Pike May 1992)

Unlike G.E.L. the firm do not make use of an extended internal labour market, preferring to recruit direct from the local labour market.

We advertise all jobs through the job centre in Consett. We do inform the workforce the day before we put them in the job centre that there are vacancies so they can inform their relatives if they like, but all applications must be made through the job centre. That is where the selection process starts and if there is any favouritism then it happens there, not here. This was a deliberate decision taken right at the start, we did not want to get into the game of giving jobs to family members. Any one of us (The Directors) could have filled all our early vacancies from our own families. In the last 18 months the brother of a shift manager has applied for a job here three times and he has been turned down all three times.

(John Pike May 1992)

After an initial period of 13 weeks training employees go on to a full time contract, though some of the women start on temporary contracts. Given the 'complexities' of the job it would seem that this training period is perhaps more a period of

assessment. Some of the women however have started on short term contracts.

I started work there 20 months ago on a six months contract which has been extended each time it has run out. I have been told that I will be given a permanent contract in September when this one runs out. (Packer June 1992)

Used as a mechanism for numerical flexibility while trying out new product lines, the practice of short term contracts is to be phased out. The firm has grown annually and has never experienced a short fall in orders, at least not to the extent that layoffs or even redundancies have been contemplated. Consequently, there has never been a need for numerical flexibility within the workforce.

Collective bargaining, in the strictest interpretation of the term, is non-existent at D.V.F. There is no trade union presence at all, nor do they have any form of structured consultation process. Wage negotiations, if that is the term to use, take place annually in April.

There is no bargaining structure here, not even a works committee. We have an idea of what the firm can afford, productivity is known, inflation is

known as is the local rates of pay. We run a very open shop here so we declare on a very regular basis exactly how the company's doing and what the profits are like. Copies of the accounts are made available to everyone. Informal groups from the shop floor are consulted as to the issues the workforce see as important, ... wages ... holidays ... whatever ... this year some workers expressed a wish for a private health care scheme. We hold one meeting with representatives from each shift to come to a consensus. Our decision at this meeting is final, written in tablets of stone I'm afraid. However, we do try and meet expectations, last year (1991) the increase was 11%. We believe in paying people well here, and we do. (John Pike May 1992)

Not everyone at D.V.F. shares the same conviction as the management that this system works. All interviews with the workforce indicated that the system is unsatisfactory, at least to them.

The wage negotiations are a waste of time because they give you what they want anyway, although they do pay well, at least by Consett's standards. (Operator July 1992)

Collective bargaining here is a waste of time. They simply go through the motions. They say that there is a part of the cake for the workers and that we can have a say in how it is distributed. However there is never any discussion on the size of the cake, it's a take it or leave it offer. No matter what the offer is we always accept, there isn't an alternative. (Maintenance worker June 1992)

It's an insult to the intelligence of those that go to the meeting. They make you feel involved but they are only taking the Mickey out of you. (Packer June 1992)

I have been involved in the negotiations as a workers rep. That is if you can call them negotiations. They ask you what you want then they tell you what you are going to get. The only real negotiations are on side issues like extra shift allowances or an extra holiday. These are only granted if it suits management and at the expense of the rise. (Operator June 1992)

Callum Ryder, the production manager, gives as impartial a view of this process as is possible. (At the time of the interview he was serving out his

notice with D.V.F. having a place at the University of Durham Business School to study for an M.B.A.)

The system is a joke, and both sides know it. It is only paying lip service to the idea of negotiation. The workers are asked what they want and they come up with some kind of figure. Twice in the time I have been here they were given more than they asked for. The company always pay what they can afford, regardless of the workers' claim. Other things are discussed, usually from the short term memory of the workers, last year it was the poor standard of sweeping brushes used for cleaning up. Things that really should be discussed never are, like health and safety for example. There should be a proper system of consultation with the workforce, this firm is desperate for one. (September 1992)

This system of wage determination stems directly from the unitary attitude of the Directors towards industrial relations.

We run the company in a fairly paternalistic way in that we haven't got any trade unions in, but we try to look after our workers, socially as well as financially. People are flexible here. It's amazing what can be done when a workforce is treated

right and as long as they understand what you are trying to do. I think a lot of people just don't talk to their people, and their people don't really understand what is wanted of them. If they don't understand then they can't do it. Our system works. There are only four of us in the company that had any experience of the food industry, everyone else had been steel workers, miners, shop assistants and so on. They have all adapted and we now have a company that is seen by our major customers as one of the best snack companies in the industry.

(Roger McKecknie May 1992)

As a unitary organisation D.V.F. is a single status company. Everyone is entitled to the same benefits that are on offer such as the sick pay scheme, no one clocks on or off, and all staff are monthly paid.

We treat our workers as part of the team here. In the early years if they had lost their jobs, so would I. We were a team dependent on each other, and it is still the same now. For example, no one clocks on or off here. I don't know about time-keeping, that is up to the shift managers, up to their discretion. If people do not get to work on time because of heavy snow or something then the managers

are grateful to workers for getting in when they can. (John Pike May 1992)

From the statements of Mckecknie and Pike above, D.V.F. appear to be a classic example of what Fox (1974) calls **sophisticated paternalists**. Essentially, the management team at D.V.F. are unitary in belief and are prepared to go to considerable expense to reward their workers well, at least in comparative terms; ensure that they have both a 'correct' attitude towards their work and with no need for a trade union.

From the firm's beginnings we tried to create a climate of ease within the workforce. We have always felt a considerable responsibility for the people on the shop floor, 90% of them came off the dole. A lot of people we have working here were out of work for two years. I think most people would feel responsible for keeping them in work if they could. Mind you I don't like the term paternalist. We do not treat our workers deliberately well, we pay them to do a job and we expect them to do it. We and the workers are part of the same team, but not everyone can be a director and not everyone can be an operator. There has always been a sharing attitude here because the company needs workers and the

workers need the company, and we should all share the rewards. We are fortunate that our product generates a good level of profit which allows us to be generous. (John Pike May 1992)

Talking to people who have worked at D.V.F. since the beginning it is apparent that they feel a sense of belonging, of being part of something. Most spoke of being caught up in trying to create something from nothing. All spoke of a sense of pride in the success of the firm. A typical example of this attitude was expressed by an ex-steel worker, now an Operator at DVF, who stated that ...

At the 'company' all you got was your wages, nothing else, no thanks or anything. Here your efforts are appreciated. (April 1992.)

This appreciation is shown in a number of ways. One method, carried out on an informal and personal level and, whether deliberate or not, is imbued with the paternalist philosophy of the familial relationship.

At the holidays Pike comes round and gives you an envelope and says 'Here, have an ice cream on me' and there will be a £50 note inside it. At Christmas

in the early years we would get a hamper from Marks and Spencers, now we all get a 20lb. turkey. It really makes a difference when you are made to feel like a person at work and not just as a pair of hands. (Packer June 1992.)

More formally, the workers share in the company's success through a profit-sharing scheme.

We started off with a good level of salary and we now have a profit-sharing scheme. The profit share pot is 4% of the pre-tax profits before the directors take a penny out of it and before research and development and advertising and all that. As the company has grown by 20% to 25% a year up until last year this has usually meant that they have been getting 15% extra on top of salary.

(Roger McKecknie May 1992)

Another example of the company's paternalism, and one that is overtly used by management as a mechanism for discouraging worker interest in trade unions, is the practice of paying the legal fees of any employee hurt in an accident at work and wishing to sue the company for compensation.

On three or four occasions we have assisted employees financially to take us to Court in cases of industrial injury. We even accept the responsibilities usually taken on by trade unions. (John Pike May 1992)

The sick pay scheme is also an example of this willingness to share the benefits of a profitable company. When off sick, all employees are entitled to their full salary, inclusive of shift premiums.

Disciplinary matters are dealt with through a procedure drawn up with A.C.A.S. before the company started up. It is a system that is rigidly adhered to and if workers feel that they have in any way been dealt with unfairly ...

They are free to take us to a tribunal. It's never happened yet, but if the tribunal were to find that we had dealt with some one unfairly then we would take them back with no recriminations on our part. (John Pike May 1992)

Grievances are handled through what Pike calls his 'hot potato system'. All line managers are told that if an issue is too hot for them to handle they should pass it up the managerial ladder immediately, where he is the final arbiter.

In any matter, whether it is a grievance or just a simple request, we never say no to any employee unless there is a perfectly good reason to do so. We have a fully open door policy here. All our line managers know that they have the full backing of the directors in the day to day decisions they have to make. They also know that if they overstep the mark with the workers they will have me to deal with. (John Pike May 1992)

D.V.F. have also followed the tradition of the C.I.C. by contributing something to the local community. Set up by D.V.F.. in 1990 with an annual covenant of £8,000, the Acorn Trust has an underlying philosophy of giving something back to the town in the form of an improved environment.

The people of Consett have worked hard for D.V.F. and the firm has done very well. It now wants to work for the people of Consett to give something back, something that the whole community can share in. (Matt Simms, Co-ordinator of the Acorn Trust Oct. 1992)

The Trust is involved in making environmental improvements, in and around the local area, in an attempt to improve the town's image. As an

individual donation Roger Mckecknie has put part of his own personal share-holding in D.V.F. into the Acorn Trust.

Whatever the benefits this paternalism realises for the Directors of D.V.F. it causes problems for others in the management structure of the organisation.

This generosity of the directors is a problem. It undercuts the line managers. The workers are taken away to the Derwent Hotel for the annual 'state of the nation' speech by Roger. He tells them it's his ambition that they should all own their own homes within 5 years, and they know that he genuinely means it. They all get an envelope with £50 in it, and then they come back to reality in the factory - a boring, hot, stinking job - and we have to deal with them. (Callum Ryder Sept. 1992)

This comment by Ryder exemplifies another classic characteristic of paternalism, that of the problem of size. (Fevre 1992, Ackers and Black 1991, Newby 1977) The 'we' that he describes as 'having to deal with them' are the middle managers in the company.

Effective paternalism is related to size, for above a certain size, personal, traditional modes of control break down and a degree of bureaucratic control becomes inevitable. (Newby, Ibid p. 73.)

As D.V.F. grew a component of middle management were, of necessity, put into place to oversee the day to day management of the company. With that component in place the Directors, especially Pike, found it difficult to maintain the personal contact with the workers that had been enjoyed when the firm was relatively small.

I used to try and talk to everyone at least once a week, just for a minute or two to pass the time of day, see if they had a problem, that sort of thing. With 300 workers that is impossible, even at two minutes each you are talking about ten hours a week. I was reading a book on management recently and it said that with up to 200 workers you can still be a 'Boss', over that and you become 'the management'. That is what has happened here, we are now the management instead of the Boss.

(John Pike Feb. 1993)

As a consequence of these difficulties in communication, and aggravated by a very low pay-out

from the profit-sharing scheme and dissatisfaction over last year's pay award, there has been a loosening of paternalistic control. Conflict now exists within the company which has taken the form of a call for trade union representation.

The problems really started about three years ago when the company was reorganised. The directors went to the new offices in the North plant and we never saw them much on the shop floor. Now the workers are always talking about getting back to the old days. In the old days when the directors were driving worse cars than the workers - and giving them £50 notes regularly - they were seen as generous. Now when the workers get their £50 notes the directors are seen driving away in BMW's and Porches. That is if they are seen at all.

(Callum Ryder Sept. 1992)

A sample of interviews from the shop floor would suggest that the lack of communication and separation from the Directors was the main reason for the internal conflict at D.V.F., a condition that is symptomatic of poor communications in all unitary organisations. (Fox 1974)

In the early years there was a good relationship at the firm, a sense that you were building something. In the last year or so things have changed, we all used to work together, but not now. (Packer Aug. 1992)

Until a few years ago the owners ran things, they showed compassion when dealing with the workers. Since growing they have employed a middle management and things have changed. These managers take a 'macho' stance now when dealing with the workers. Callum's alright, you can talk to him, but the shift managers are bastards.

(Stores person Aug. 1992)

Pike's hot potato system stops at the shift managers, you can't get past them, not even to Callum. (Operator Aug. 1992)

I want a union here to stop the shift managers treating me like a piece of shit. (Packer Aug. 1992)

While most workers have a certain amount of natural antipathy towards management the evidence from the shop floor would suggest that the problems at D.V.F exceed these natural antagonisms, a fact that is now recognised at Director level.

We will have to have some form of workers' representation here now. What form it will take I don't know. It was discussed at the management meeting yesterday and someone is going to write a paper for me with a range of suggestions.

(John Pike Feb. 1993)

Another major source of unrest on the shop floor has been the recent performance of the bonus scheme.

It's been a very nice system, up until now the firm has been making pots of cash and we have all been getting about a grand a year. This year there was no profit at all and they should not have been a pay-out. The Directors felt that there should be some sort payment however small, so they put aside some of their own money into a pot and divided it out. This worked out at £47 per person and the workers thought it was an insult. One of them was so disgusted by it that he gave his to charity and sent the receipt to McKecknie. (Callum Ryder Aug. 1992)

The Directors, maintaining their unitary stance, saw the problems caused by the low level of bonus payments in 1992 as one a poor communications.

1991 was our walk on water period, we thought we could conquer the world. What we did do was lose all the profits that year in one scheme or another. If we had been honest with them and said we had 'fucked up' and lost the money you earned they would have probably accepted the situation.

(John Pike Feb 1993)

That workers would accept the loss of an annual bonus approximating £1,000 without rancour, simply because the employer 'fucked up', is an arguable point. Pike's belief that they would is yet another indication of the unitary employer's conviction that good communications can overcome almost any problem.

Signs of conflict within any workforce can take the form of high levels of absenteeism or high levels of absence due to sickness, or both. At D.V.F. the rigidly enforced disciplinary procedure precludes any significant levels of simple absenteeism, however, the underlying conflict apparent here manifests itself in high levels of absence due to sickness. Such is the extent of the problem that the management have felt pressurised into reorganising the sick pay scheme, in attempts to redress the problem.

The sick pay scheme had been set up with the best intentions. Anyone ill lost nothing by being off work. They got even got their shift premiums when they were off. In the last couple of years we have been screwed by it, absence rates have reached unacceptable levels. Now anyone who is off is asked to attend a 'back to work' interview when they return. This is supposedly to ask if all is well with them, but really it is to try and make them feel uncomfortable about being off work.

(Callum Ryder Aug. 1992)

We police the sick pay scheme tightly now. It is a very good one and if it is abused we will not be able to maintain it. We have stopped the practice of paying shift premiums but people still get their full pay. If things do not get better I am going to instruct the shift managers to stop the payments to anyone they feel is off work for no good reason. If we end up with two schemes then so be it. We'll have a very good one for people who are never off, and a very bad one, where you get nothing for those that are off for no reason. I know that this is making a stick for our own backs, but I am prepared for any trouble to protect this scheme for genuine workers. Any workers who feel they have been badly done by can take us to the tribunal. (John Pike Feb 1993)

That D.V.F. were able to achieve this arbitrary alteration of contractual terms without a major confrontation with the workforce is an illustration of the climate of industrial relations within the firm.

There was no consultation with the workers at all. They just stopped the shift premiums. In any organised union shop the place would have come to an immediate stop. (Callum Ryder Aug. 1992)

If there is a causal relationship between internal conflict and high levels of absence, then these measures proposed by Pike are simply treating the symptoms, and not tackling the disease. The question he should be asking is; why are so many of my employees staying off work?

One tactic to maintain paternalist control, evident in the early years of the 'company', see chapter 1, is 'external paternalism'. Housing, education, health care and leisure facilities are provided by the workers themselves through the apparatus of the local and national State. The only form of external provision that could be provided would be in areas such as 'instruments for the brass band' which they are doing through the Acorn Trust.

The main focus of worker discontent has been a call for trade union membership and the recognition of that union for the purpose of collective bargaining. As **'sophisticated paternalists'** the Directors of D.V.F. have always maintained that their workers did not require the services of a trade union. John Pike on numerous occasions has stated that **'We can give our workers all that a trade union can'**, as exemplified through the policies of paying high wages in relation to those in the local labour market and of financing workers through the Courts in cases of industrial injury.

No attempt was made by any union to organise the workforce at D.V.F. until 1986 when efforts were made by Roy Manderson of the General, Municipal and Boilermakers Union (GMB) at the requests of a local shop steward in Consett.

We were allowed a recruitment meeting in the factory, but we received a very hostile reception from the workforce. We arranged a subsequent meeting in the town, but no one turned up. I put this down to the aftermath of the closure of the steel works. The workers in Consett saw themselves as let down, even sold out, by the unions. Whatever the reason the recruitment was a total flop. (April 1992)

This supposition of Manderson's that the ex-steel workers in Consett are anti-trade union reflects what is popular opinion in the town, and may or may not be true. The fact remains that most of the men working at D.V.F. as operators had previously worked at Ransome Hoffman and Pollard, a ball-bearing manufacturing plant. These were hired because ...

They were experienced machine minders, and that was who we wanted. One machine is much like another.
(John Pike April 1992)

This fact does not necessarily negate Manderson's supposition that the workforce at D.V.F. at that time were anti-trade union. Ransome, Hoffman and Pollard, a branch plant, closed with much acrimony in the same year as the 'company'. The unions involved were also accused of 'selling out' the workers in this plant to protect jobs elsewhere in the company. It could also be argued that there was a general antipathy towards trade unions in the mid 1980's.

In February of 1992, some of the workforce of D.V.F. approached the same shop steward and asked for help and advice about trade union membership, and Manderson was again brought in.

I wrote to Pike and I was asked to go for an informal meeting. At this meeting I explained how the union had changed, how we gave more services and benefits to workers, such as financial packages, insurance, cheap holidays etc. I told him that the union was no longer dependent on the old style collective bargaining traditions of the past. We now offer new style agreements on things like flexibility, new technology and working practices.
(Roy Manderson April 1992)

After this meeting, in which Pike was offered no more than he already had - a totally flexible workforce - the union were allowed to distribute 300 union information packs in the works canteen. They were told that if they could get 50% of the shop floor workers signed up then they could have recognition.

A meeting was arranged in Consett for a Saturday morning and seventeen workers turned up. Manderson started his presentation by outlining the benefits available to members of his organisation. He told them that ...

The GMB is a union of the community, we offer you help and advice on a range problems such as

consumer problems, tax problems, problems with local government. (May 1992)

The response from the audience was in the main negative. Those present were not interested in peripheral benefits, they were interested in getting what workers have traditionally wanted from a trade union, representation with, and protection from, management. The feelings were best put in the form of an interruption to Manderson's presentation.

We are not interested in those things. If I want a holiday I'll go to a travel agents. What we want is someone to represent us and help us with negotiations. And we don't want any talk of you being right behind us, we want you out in front.
(May 1992)

Membership forms were filled out by those present and the workers took more forms to be distributed to the rest of the workforce. It was at this point that Manderson, who had taken early retirement was replaced by John Creeby, another full time officer of the union.

This circulation of the application forms for union membership caused a polarisation of the workforce.

There has been a lot of trouble in here over the union in the last few weeks. A lot of the workers are coming to complain about being harassed to join. I have had a delegation from some of them asking for me to stop this harassment. I have also had request to get Pike down to give the anti-union line. (Callum Ryder May 1992) (2)

The concerns over the membership campaign were not only from the anti-union side of the workforce.

There is a bit of a witch hunt going on, from the supervisors mainly. They are going round asking who is agitating for a union. I am frightened for my husband's job as he is the main one. I have been active among the women but I'm not bothered about my job because I hate it. It has divided people though, one of my friends who does not want the union has stopped speaking to me. (Packer May 1992)

I told the shift managers that I wanted no interference for them. There would be no victimisation of anyone, either from them or any one else. (John Pike Sept 1992)

Ryder believed that those at the centre of the lobby for the union were malcontents.

I could name the ringleaders now for you. They are all malcontents, and have been on the edge of dismissal for months. (Sept 1992)

The people he named were all central to the union lobby, though perhaps his definition of the word 'malcontent' was a wrong one. The five people named were all ex-steel workers and none of them 'were content' with the way things were going at D.V.F. In conversations with other workers none of the five were seen by their peers as lazy, incompetent or bad workers, they were simply the ones who were consistently prepared to put their heads over parapet. None of the five would agree to an interview but the impression was given that as adults and free agents they wanted some input into the distribution of the rewards they had earned.

After a few weeks Creeby reported to Pike that he had well over 50% of the shop floor signed up, and requested a meeting to agree a recognition agreement. Pike's response was that he required proof of intent on behalf of his workers, in the form of six months' membership payments. When asked to provide 'check off' facilities for those that had signed up with the union Pike refused, stating that this was the union's job and not his.

I told Creeby that I had consulted ACAS and informed them of my offer and that they informed me that this was standard practice and that six months was not an excessive time. (John Pike Aug 1992)

A further meeting was called with the workforce, again badly attended, at which Creeby circulated direct debit forms. One person asked if the union could get a notice put up on the works notice-board giving an address where these forms could be obtained. There was a fear that anyone passing them out at work could be singled out by management and victimised. At the time of writing (April 1993) this dispute is still not settled. The union say they are making headway with the direct debits, but will not give details on how many workers they have signed up. Pike continues with the stance he has taken from the start, and refused the request for a notice on the notice-board.

We have always just played a 'dead bat' with the union. We have given them no encouragement, nor have we been hostile. Recognition is not our problem, it's the workers' problem. If they want a union badly enough they can have one, the problem is they don't want one badly enough. I am not going to alienate half my workforce just to give the other

half something they are not really desperate for.

(John Pike April 1993)

Pike's declaration that they are not hostile and have simply played a 'dead bat' to the union may not be strictly accurate. His interest in improving communications with the workforce through some form of consultative procedure could be seen as an attempt to circumvent one of the main reasons behind the calls for union representation, an action which would be following the firm's unitary tradition.

Whatever the outcome of this recognition dispute, the attitudes of some of the workers at the centre of it tend to mirror those in other similar recognition disputes.

Up until I came here I had always been in a union. I believe in them totally. People here think that if you are looked after by the boss then there is no need for a union. If it was not for the unions there would be no good bosses. The unions fought to improve things for workers and by doing that some bosses were enlightened. Take away the unions and we are back to the bad old days and make no mistake.

(Operator Aug 1992)

Most of the women here don't want a union. Some say that they are only good for striking, some say they don't understand about unions. This women does, because they will have to take notice if we get a union. It won't be one person complaining it will be all of the workforce. (Packer Aug 1992)

I wish they had never started with the union. All it has done is divide people. We have had no support from the union. Do you think we have done the right thing? (Operator Aug. 1992)

If the union can't get a notice put onto the notice board then there is not much point in being in it is there? (Packer Aug. 1992)

There are also a significant number who believe that if the union is recognised it will somehow be able to return things to the way they used to be.

I have filled out the direct debit but I wont be too put out if the union is not recognised. I feel that the Directors will take heed of what is going on and will put things right. (Stores person)

I want a union because we can't get past the shift managers if you have a complaint. The union

will be able to take things up with the Directors. (Operator Aug. 1992)

The main reason we want a union is the attitudes of middle management. Obviously wage negotiations are important, but the attitude of these managers has brought the issue to a head. Higher management just don't know what's happening on the shop floor. (Operator Aug. 1992)

This would probably be an unfulfilled hope as, along with trade union recognition, would come a pluralist system which could make things much worse for those harking back to the good old paternalist days. In a pluralist system the need to look after the workers is not a central plank of industrial relations policy and many of the paternalist benefits might be lost forever.

Whatever the views on the desirability of trade union representation, all of those interviewed felt that the union had handled things badly. Even those at the centre of the dispute feel that they are isolated and ill informed, and the local union official thinks his full time officials have '**blown it**' through disinterest and incompetence.

It can be seen from the above evidence that D.V.F. are indeed '**sophisticated paternalists**' with

organisational structures designed to follow the unitary perspective of management. No unions are involved, nor are there any other meaningful forms of worker representation. The workforce is totally flexible, all employees have the same, single, status and all are treated very generously by the Directors of the firm who are undoubtedly, despite Pike's protestations, paternalist. The firm also mirrors other characteristics of paternalist management in that a reduction in the benefits usually experienced by the workforce, allied to a reduction in communication due to an increase in size, has resulted in internal conflict which has manifest itself in terms of high levels of sickness and calls for trade union representation.

Since the completion of this case study, DVF have been 'taken over' by United Biscuits, with the rationale being entrance into the world market. This development poses a number of questions about the future of the employment relationship at the firm. The Directors of DVF have been given full autonomy to run the firm as they see fit but as Pike states

Only time will tell just how autonomous we will really be. (May 1993)

Will United Biscuits, who recognise the GMB in their other U.K. plants allow recognition at DVF, or will the existing paternalist forms of management remain in place? Which in itself begs another question; can these paternalist provisions such as the profit sharing scheme, the 'holiday handouts' continue, because they may become a precedent the union will want to exploit on behalf of its members in the other plants. What is interesting is Pike's attitude to this situation, which shows a continued conviction in paternalism. His last statement to me was ...

They (United Biscuits) may insist on union recognition but I have to say I am not too happy with the GMB. They organise in other plants in the group and from what I can find out they are not doing a particularly good job for their members. We have better conditions here than they have been able to negotiate elsewhere. If my workers are going to have a union, I want them to have a good one. (May 1993)

However, his view of what constitutes a 'good' trade union may differ from that of his employees.

NOTES TO CHAPTER 6.

1. These four consist of Roger McKecknie (Managing Director) Ray McGee (Marketing Director) Keith Gill (Commercial Director) and John Pike (Production Director)
2. I had previously given Ryder copies of letter requesting people for interview which he said he would pass out to the workforce. It was at this meeting with Ryder that he informed me that he was not going to pass them out because he did not want to increase the tension inside the plants in any way.

CHAPTER 7.**CONCLUSION.**

History shows that one group which successfully responds to one challenge is rarely the successful respondent to the next. The descendants of the pioneers are tempted to take things easy. The institutions created to serve one stage in the development may prove to be intractable and frustrating at the next stage, but may survive none the less through force of tradition and convention.

(Coates & Hillard 1986 P. 151.)

The first question asked in the introduction to this thesis took the form : what has been the loss to the occupational side of the occupation/community relationship in terms of the particular set of employment relations that existed within the 'company'. Consett was and, notwithstanding the improvements in the local infrastructure, remains a geographically isolated labour market that had been overly dependent on one single employer. The domination of that single employer had lasted for 140 years and from its earliest days the 'company' had created the traditions and culture associated with heavy industrial production, tempered by the influence of paternalist capitalism. In a discussion of this type of industrial relationship in which workers are trapped in such a local labour market Norris (1978) states that workers ...

... have little option but to accept the rules of the game imposed by local management.
(p. 475)

Chapter two of this work would suggest a very different relationship altogether. The evidence suggests a workforce having a great deal of control over the internal relations of work manifest through control of their internal labour market, with progression organised through their

trade union; almost complete job ownership with clearly defined lines of demarcation; and well developed and mature structures for local collective bargaining in place. Norris' view may be one that has failed to take account of what Hyman describes as the 'negotiation of order'. Through this 'negotiation of order' the ...

... the frontier of control in each workplace is set. It is a fluid and shifting frontier; the limits of management authority and employee obedience are imprecise and always open to negotiation. (Hyman 1989 p. 32-33.)

The outcome of this 'negotiation of order' is dependent, in common with all negotiations, on the power relationship between the different sides represented in the negotiation. In the case of the 'company' it would seem that, as the plant developed, power rested more and more in the hands of the employees. This may have been due, at least in the 'nationalised' years, to the fact that the prime concern of management may have been production levels rather than profit. What ever the reason, the situation remained that the 'frontier of control' was set in such a way that gave the workforce a great deal of control, both individually and collectively.

Given the influence of the external environment discussed in chapters three and four, this situation changed dramatically. The introduction of market forces to nationalised industries, and a reduction in demand for the product, resulted in the closure of the 'company' and the recognition that, in the labour process, power lies ultimately with the purchaser of labour, especially if that labour is no longer a required commodity. It is a point now appreciated by John Lee when he looks back to the period of the closure.

I had thought that the union was well organised at the time. Now, with hindsight, I'm not so sure. The union at shop floor level at Consett may have seemed powerful, but in comparison with the power of the Chairman and the Board who can make thousands redundant overnight, they have no power what so ever. Any power that the union had was negative, the withdrawal of labour, which is a reactive thing. The real power lies in the hands of management. Where is the power in withdrawing your labour if they don't want it any more? (May 1991)

It should be said at this point that a comparison of the employment relationship representative of the labour market in Consett

prior to 1980, with the one representative today is not a comparison of like with like. Sectoral as well as historical differences are evident. The 'company', characteristic of most heavy industrial production had a workforce that was predominantly male, with a long tradition of trade union organisation based on the closed shop, and a commitment to wide ranging collective bargaining. Much of the 'negotiation of order' that set the patterns for the internal relations of work at the 'company' prior to the closure developed against a background of post-war prosperity and full employment. Today's labour market in Consett can be characterised by the firms chosen as representative case studies; Grorud Engineering Ltd. and Derwent Valley Foods; both small production units in different sectors of the economy, both having established themselves since 1980 against a background of economic decline in the town. The workforces of these representative firms are also markedly different from that of the 'company', where production workers were all male. At G.E.L. and D.V.F. the production workers are both male and female, and a clearly defined sexual divisions of labour exists in both firms. That said, there are legitimate conclusions that can be drawn. Primarily, the situation is now one in which the 'negotiated order' is more in line with that described by Norris (op. cit.) above.

The employment relationship at G.E.L. is such that the employees have no identifiable job ownership other than that determined through the division of labour, for example; paint shop; press shop; and assembly. Within those divisions of labour the workforce is totally flexible as the recent 'lay off' situation proves. While internal labour market at the 'company' became a powerful mechanism through which the unions were able to extend their influence over the employment relationship, the internal labour market at G.E.L. is organised in such a way that it is an important mechanism used by management to control the workforce. While having union recognition, union density remains low and the workforce only have formal representation when a 'failure to agree' occurs at the works committee, a system designed to exclude the union to the periphery of what little collective bargaining takes place.

Similarly, the employment relationship at D.V.F. is such that the workforce have no job ownership other than that determined through the division of labour, for example; packers and operators, and again there exists a total flexibility throughout the workforce. The internal labour market, though organised in a different way than at G.E.L. is still a mechanism for the control of the workforce, in that it follows the paternalist practice of rewarding loyal service.

With no union representation allowed, and no structured consultation process in place, the workforce are totally dependent on management dictat and the employment relationship is one of almost total paternalist domination. I use the term 'almost' because the workforce would seem to be trying to redress the balance in the 'negotiated order' through attempts to gain trade union representation. If recognition is achieved it remains open to question just how far any trade union would be able to go in redressing that balance, given the circumstance prevailing at D.V.F.

Within the wider debate on the 'new industrial relations', (see chapter 3) evidence from the two firms is inconclusive. At G.E.L. Smith's attitude would seem to underscore the view that 'macho' management are taking advantage of a favourable situation as demonstrated by his attitudes to industrial relations, and yet he remains constrained by, and makes use of, the consultation process put in place and supported by Sandoy. At D.V.F. the directors, as paternalists, would, no matter what the circumstance, follow the softer view that the internal relations of work should be organised in such a way that the best interests of all parties are served, while reflecting the realities of the market in that they must become, and remain, competitive if those

benefits are to continue. However, it would be impossible to draw any conclusions regarding this debate from the evidence of just two case studies.

These major changes in the employment relationship are not exclusive to Consett as much of the literature describes similar changes throughout the U.K. labour market, for example Salaman (1989) MacInnes (1987) Marsh (1992) Corrigan. et al. (1991) and the main explanations for these changes are outlined in chapter 3. The conclusions drawn by this literature would seem to correspond with my own findings in Consett, which are that high levels of unemployment have negative consequences for the whole community, both for those in work and those seeking it, resulting in a willingness to accept previously unacceptable terms and conditions of work.

In their discussion of the 'emiseration' of large sections of the working class Byrne and Parson (1983) examine the process from a Marxist perspective and talk about the 'peripheralisation' of production which is ...

... a strategy developed by capital in response to working class initiative.

(1993 p. 131)

For them, the 'peripheralisation' process concerns the flight of capital from areas with an organised

working class to areas, usually in the third world, where labour tends not to be organised. We could, I believe, transfer this paradigm to Consett. It could be argued that, due to the well organised working class in the town, capital fled with the local labour market becoming peripheral to that of the U.K. and remaining so until the working class had become less organised, or 'restructured' to use Byrne and Parson's term, more suited to the needs of capital, at which time capital returned in the form of G.E.L. and D.V.F.

Influential in this restructuring process has been the M.S.C. whose presence has affected the conditions existent in the local labour market. For the employers, it seems that the 'graduates' of the schemes are ill fitted to meet their requirements.

What I am going to tell you is only taken from anecdotal stories, and a little bit of research done by my department, but it seems that employers are reluctant to employ anyone younger than the mid-thirties. It seems that the young people's attitudes to work are all wrong. Employers want people with a basic education that can be built on and an interest in and a willingness to work. It seems that many young people in Consett fall down on all three. Their experiences of only having been on the schemes has

given them a negative attitude to work that employers will not accept. They are brought up to expect the dole and that is all they want.

(John Pearson Aug. 1992)

The young people of Consett also 'fall down' when it comes to their attitudes to trade unionism.

The depression caused a vacuum that the unions could not fill. After the closure the only new jobs to be had were on the schemes and the movement could not or would not do anything to improve the conditions. When real jobs started to be created the young people taking them had no tradition of unionism. This is reflected in the situation at Grorud. We have great difficulty in recruiting young members. We lost a generation to the M.S.C. (Gerry Barry Aug. 1992)

In discussing the reality of trade unionism in Consett Barry, from his position in the 'front line' as it were, sums up the situation as well as anyone can.

If you look at a factory like Boltons who were here long before the closure, and compare it with Grorud you can see the changed situation. Boltons is fully unionised and the workforce is aged between 16 and 65. In there, youngsters are

brought onto the union by the older generation, unionism is passed on from one generation to the other. This is the old Consett, fully unionised with all the traditional belief in collective action. The new Consett is reflected in Derwent Valley Foods, which is non-union, and with a workforce which is not interested in unions, at least up till now when they are under some form of threat, and then they want someone to run to. Groruds is I think the sum of all Consett's experience; in the tool room you have the old Consett, with all the traditional support for the union, passed on from craftsman to apprentice; the same in the paint shop though for different reasons; then you have the press shop and assembly with its lost generation, not interested at all. Yes, Grorud shows it all, and in a way reflects the experience of Consett. Hard to organise and with a subtle threat from management always there. (Aug. 1992)

If the 1980's has seen a worsening climate for workers, in terms of their ability to position the 'frontier of control' to their advantage, the decade has also been one of decline for the organisations created to represent them, the trade unions. The position that organised labour found itself in during the 1980's forced a re-examination the whole nature of trade unionism.

Both sides of this debate can be seen in the attitudes of the full time union officials mentioned in this thesis. The 'traditionalist' view is held by Gerry Barry.

Things have changed, in the old Consett everyone was in the union. We did not look after it because there was no need to, it looked after itself. Not any more unfortunately. When we need them they aren't there any more, not like they used to be, they withered on the vine. The old traditions died along with the old industries. Now we have this so called 'new unionism', what a nonsense. Some of these 'new unionists' think that the problems of Consett's unrepresented workers should be solved by the local authority, by not giving grants unless union membership is allowed for the workers. Recruitment is, and always has been, the job of the unions. If we need outside help to get members then God help us. Unions are about collectivism, workers organising together for self help and protection, this new lot are like bloody insurance salesmen offering protection for a rainy day. What they don't realise is that it rains every bloody day when you are dealing with employers. (Aug 1992)

John Creeby presents an unusual case for the 'new unionism' side of the debate.

Collective bargaining is like dog shit. It is all over the place, different shapes and colours but it all stinks the same. We have got to stop selling this spurious collective ideology to workers. We have to recognise that the old days of the shop steward banging on the managers desk and demanding a wage rise and taking the workers out the gates until he got it are gone forever. Industry is a very complex place now, far too complex for ordinary workers to deal with. The complexity of it requires professionalism, and that is what we have to offer workers.

(April 1993)

Creeby's belief is that unions must offer a service to individual workers collectively, much as the Automobile Association offers an individual service to a collective membership of motorists. What he is talking about is business unionism, a service to workers in case the wheels fall off the employment relationship, at which point he will come in and put them back on, much like Barry did when the wage negotiations broke down at Grorud. This is a recognition that full time trade union officers are now an identifiable occupational group in their own right, and Creeby is simply articulating the rationale of these officials. By stressing his professional competence in

collective bargaining situations he may simply be legitimising his own position, a situation that has been recognised elsewhere. (Hyman 1989)

Such has been the impact of the last decade on the unions that this debate on the future direction of the movement has challenged the very value base upon which the movement stands. The divide between the two sides involved, the 'traditionalists' and the 'new realists', is almost continental, though it should not be seen in terms of 'right' or 'left' because these terms are irrelevant. What is relevant is what now should be the value base of trade unionism. For example, is equality a value base inherent in the movement as the 'traditionalists' believe or is it an objective to be achieved as the 'new realists' would argue. Simply put, are trade unions fighting a cause or do they provide a service? It would seem from the evidence of the G.M.B.'s attempts to unionise D.V.F. that they are offering a service, and not simply to the workers, as can be seen from Manderson's statement in chapter 6 offering Pike agreements on **'things like flexibility, new technology and working practices'**. Taken together these statements of Manderson and Creeby suggest that they are also offering a service to management, that being to manage the workforce on their behalf.

The question I would ask here is; how far removed is Creeby from the early leaders of the iron and steel unions, or just how new is this 'new realism'? From the earliest days in the 'company' the unions, when under threat, made concessions to management on both wages and working practices and any reluctance on the part on the workforce to go along with these agreements was swiftly overcome by the union leadership. It may be that 'realism' is episodic, reflecting the political and economic realities of the day. The employment relationship in the 'company' at the time of the closure was as far removed from the one in Kane's time as it is from the one in Consett today.

Given that this thesis has not been able to compare like with like, a final question that perhaps should be asked is; what would the employment relationship have been in the 'company' today had it survived. In an attempt to answer this question I asked Hardaker what the situation is in the iron and steel industry today.

We have been forced through the need to compete to become more flexible. We still control the internal labour market in terms of promotion, but a lot of job descriptions have been drastically changed. If you took someone from Consett round a steel works today the thing that

would strike them the most is how few men are involved. Manning levels have been drastically reduced. We can now compete with anyone in terms of price, quality and production levels.

(April 1993)

It would seem from this remark that, had the 'company' survived, the external influences may have been such that employment relationship may have come to approximate those apparent at G.E.L. and D.V.F. However, the control over the internal labour market, at least in respect of promotion remains, in the control of the union. On the wall behind Hardaker's desk is a diagram outlining the internal labour markets in the plants he is responsible for, all giving the names and length of service of the membership of each branch. Each man still knows his place on the ladder, and to whose job he is eventually going to be promoted to.

What of the future? If unemployment is, as seems likely, to be a permanent fixture in the U.K. labour market, and given the debilitating effect it has on the ability of organised labour to influence the 'negotiated order' of the employment relationship in any noteworthy way, could the employment relationship apparent at D.V.F. be the only viable fut

D.V.F. be the

class? Was John Pike correct when he stated that

they were after all the future? Alternatively, if Coates and Hillard (1986) are correct in their belief that trade unions, once revolutionary organisations themselves, have become intractable and frustrating to the needs of the working class then perhaps some new revolutionary movement is required to redress the situation workers find themselves in today. I leave the last word in the debate to someone who was a central figure of working class representation in Consett for many years.

What we have to realise is that manpower is a resource, the primary source of profit, you can not plant a £5 note in the garden and sit back and watch it grow into £10, only workers can make that change, that profit. Unless workers realise that, and also the strength collectivity brings then they will not get anywhere. What we have to do is resurrect the past, go back to the old values of trade unionism and not be caught up with all this new realism nonsense. (John Lee May 1991)

APENDIX 1.

In the course of this project I have spoken to the people listed below. Those who wished to remain anonymous I have identified by occupation. While some are quoted more than once, on different issues, I have listed them under the heading related to the subject for which they were primarily interviewed.

THE 'COMPANY'.

John Lee : ISTC Convener, now a probation officer with Durham County Social Services.

Ray Thompson : EETPU Convener, now head of the reprographics department at Derwentside College.

Steve Hall : Production worker, now working for Northumberland Social Services.

Andrew Donachy : Production worker, unemployed since the closure.

Thomas Meegan : Production worker, now a market stall holder.

Barrie Wray : Fitter and turner, now a production engineer with British Aerospace.

Trevor Hilditch : Production worker, now working for a local engineering company.

Terrence Bowman : Fitter, now working for B.N.F. in Cumbria.

Stewart Maltby : Fitter, now working for an engineering firm in Newcastle.

Sammy French : Electrician, now working offshore.

Ted Hardaker : ISTC Senior Organiser.

Clive Robinson : Personnel Officer, now a local government officer.

Bob Atkinson : Steel Plant Manager, 1974 - 1980.

THE LOCAL AUTHORITY.

Alec Watson : Elected member and leader of the majority Labour Group.

Kevin Early : Elected member and deputy leader of the Labour Group.

Kevin Huggins-Cooper : Officer in the Industrial Planning Department.

John Pearson : Industrial Development Officer.

THE COMMUNITY.

Peter Hall
Margaret Crozier
Julie Nichol
Billy ???
Marjorie Sinclair
Michael Hughes
Tom Clark
Terry Richardson
Jane Marshall

All of the above live in Consett. Most have experience of the 'schemes' and of unemployment.

E.T. Agency Manager (anon)

GRORUD ENGINEERING LIMITED.

Karl Sandoy : Managing Director.

John Smith : Production Manager.

Vivian Foster : Personnel Officer.

Alan Peacock : Unofficial Shop Steward.

Tom O'Neil : AUEW Full Time Official.

Gerry Barry : AUEW Full Time Official.

The Works Committee : All members

From the general workforce.

Paint shop : Five in all, three females.

Press shop : Seven in all, one female.

Assembly : Four in all, all female.

DERWENT VALLEY FOODS.

John Pike : Director in charge of production.

Roger McKechnie : Managing Director.

Callum Ryder : Production manager.

Matt Simms : Co-ordinator of the Acorn Trust.

Roy Manderson : Full Time Officer, GMB.

John Creeby : Full Time Officer, GMB.

Terry Scarr : GMB branch official, Local Authority Branch.

From the general workforce.

Operators : Four in all.

Packers : Seven in all, all but one female.

Storeperson : One.

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