

A Group of Sheffield Steel Workers

Steel Workers Next Step

Pamphlet series no.7

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The Steel Industry in 1968 — A Paper from the Sheffield Steel Workers' Group

1. The Demand for Employment in Steel 1967-68

1967 was a bad year for the steel industry. Output was for the second year running more than 10% below the 1964-65 peak. Yet imports were coming in at twice the level of 1965 or 1966. Numbers employed were only slightly down on 1966 but 1966 had recorded a drop of nearly 2,000 over 1965. Within the totals employed big changes took place in 1967. Male production operatives dropped by 10,000 or by about 7%, (BISAKTA's membership fell by about 7,000); while staff and females increased by 10,000. Weekly earnings were on average £1 up on 1966, that is an increase of about 7%; but this was the result of increases for maintenance and other service workers and labourers and decreases for some process workers.

1968 has begun with redundancies being announced in Scotland, Wales and Sheffield. It seems almost certain that they must be followed by more. If the rate of growth of the economy is to be held back to 3% a year, demand for steel is unlikely to grow by much more than 5%. This increase can probably be produced with a smaller labour force, since there has been much short time working (average hours worked by process workers were still three hours a week less in 1967 than in 1964) and since productivity (output per man hour) has been rising on average by about 3% per year and can be expected to continue doing so. The major rationalisation measures being planned by the Corporation are scheduled for 1969-70, but a slower growth in the economy than expected could easily advance the threatened redundancies.

2. The Policies of the Unions

There is no doubt that the emphasis placed by the Government on increased productivity for justifying claims for higher wages will lead to Union pressure for productivity bargains on behalf of some workers even if this is at the expense of redundancies.

Already BISA KTA members are negotiating new productivity bargains in many plants. The claim of the A.E.F. for a substantial wage rise and shorter hours etc., has been largely rejected by the employers following the comments of the Prices and Incomes Board. While maintenance workers in steel now receive slightly above the national average for all engineering workers, their earnings fall much below those available in the motor car and aircraft industries. The growth of productivity bargaining at both national and plant level and the undermining of traditional piece-work bargains continue to produce a new position in wage determination in the steel industry as in engineering. As Hugh Scanlon has emphasised, no engineering worker would lament the passing of piece-work payment, so long as the principle of 'mutuality', i.e. of a bargain entered into between worker and employers is maintained; and with it the freedom of the worker to work at his own rhythm and not one set for him by measured day-work and similar schemes.

These changes in bargaining procedures require above all unity among the different unions in steel and machinery for concerting demands. Yet not only are the process men divided between BISA KTA, NUB, GMW and T&GWU, there is still no agreement on white collar representation which is being fought for by the GMW, BISA KTA and ASSET.

3. The Steel Towns in the 1970's.

The divisions amongst the Unions in steel are resulting in something else as serious as the completely unco-ordinated, and even competitive, presentation of wage demands. It is the lack of any unified policy that has created a position where redundancies are already being announced before a comprehensive procedure for plant closures and redundancies has been negotiated. These redundancies have moreover been real; jobs were not always available in other plants to replace jobs in plants closed down; and where they were it was sometimes only as a result of offering redundancy to older men in the continuing plants to make room for younger workers. So far the closures have been of single plants within a combine, as at Park Gate. The closure of whole combines, which is bound to come as rationalisation proceeds, will involve much more serious problems. The Unions must have ready a common strategy to meet this situation or they will be overwhelmed by events.

The Benson Report, produced by the BISF on the eve of steel nationalisation, suggested the following pattern of plants surviving after rationalisation, i.e. to meet demand for 32m. tons bulk steel in 1975 (i.e. excluding special steel demand for 3.3 m. tons)

A. <i>Integrated Works</i>	<i>Number of Works</i>	<i>Tonnage Capacity</i>
North Lincs.	One works	5m. tons plus
Teeside	One or two works	6m. tons plus
South Wales	Two works	8m. tons
Deeside	One works	2m. tons plus
Scotland	One works	3.3m. tons
TOTAL	6 or 7 works	24.3m. tons
B. <i>Scrap Using Works</i>		
Sheffield	One works	1—1½m. tons
S. Lancs. and Midlands	One or two works	2—3m. tons
TOTAL		4½m. tons
C. <i>Engineering and Tubemaking Works</i>		
Scattered	Four or five plants	3—2m. tons

The Benson Report emphasised that this last figure involved the elimination of some 9m. tons of capacity at 14 works belonging to the engineering and tubemaking firms.

The effect of the nationalisation of bulk steel making is to transfer to the Steel Corporation this awkward task of eliminating 14 plants from the engineering and tubemaking firms. These firms have received compensation for the plants that will be closed and can use this for their own developments wherever they wish. But the separation of bulk steel making and engineering in the process of nationalisation leaves to the Corporation a very small base for diversifying into any other activities in those areas where steel making plants are totally closed down. The prospect for many steel-making towns, where closure is indicated and there is little alternative industry, is bleak indeed. It will not be enough for the steel unions to ensure that their members are offered redundancy pay or transfer to other areas where places are made for them by early retirements, even if this were itself a real solution for the human problems involved.

If the Unions are to ensure not only employment for their older members and for those who cannot or do not wish to move house, but also employment for their children and some defence against an excess supply of steel workers in relation to demand, then they will have to ensure that new industries are developed in the areas where steel-making is to be phased out. If they leave this to foot-loose private enterprise they are doomed to disappointment. Their best hope is to press upon the Corporation the necessity

for diversifying into engineering and chemicals production in these areas. The T.U.C. has already proposed that the Coal Board and the Steel Corporation should establish jointly a public agency for this purpose in those areas where both coal and steel are being run down. This will not happen unless the Steel Union and the N.U.M. make common cause to demand action along these lines. In terms of the economies of scale and of the external economies of integrated complexes of production, the fuel and power and steel industries provide the base for a number of major developments of modern industry. Nothing less than united Trade Union pressure upon the Government and upon the public corporations will achieve this result.

4. The Worker Involvement Scheme

It was announced on 28th March that the BSC had finally chosen their "worker directors". It has taken the corporation since 26th January, 1967 to draw up and announce their proposals for 'worker participation in management'. So one year and two months later we learn that 12 'employee directors' will join 10 other part-time directors on the four Group boards in order to "participate with top management in shaping the industry's policies" and "share responsibility for board decisions".

Three 'employee directors' will sit on each of the four Group boards for three years beginning 1st May. Before then they will be preparing for their new duties by attending a five-week introductory course on "top management" designed and run jointly by the BSC and the TUC. Although Lord Melchett personally chose the 12 'employee directors', he did so from a short list drawn up by the TUC from the large numbers who were nominated by their union. In most cases, these nominations were from the executives rather than from the local branch or shop floor.

The 12 'employee directors' will continue to work on the shop floor between boardroom duties and will receive £1,000 a year on top of their normal pay which averages about £1,000. In addition, they will be paid expenses and compensation for loss of earnings. These directors must serve their boards in a personal capacity and relinquish all union offices during their term as a director. Although the BSC underlines the point that directors have not been appointed as representatives of their trades or trade union, it is not clear as to whether a director, if he so wished, could continue to attend his local branch and report on his activities. If an 'employee director' were to do so, then it is more than likely that the BSC would demand adherence to the principles of 'board secrecy' and 'corporate responsibility'.

Part-time Members of the Group Boards

Midland Group

- A. R. Hay Chairman and Managing Director of Naylor, Benzon & Co., London (ore merchants); ex-United Steel director.
- H. Smith Chairman and Managing Director of British Ropes, Doncaster; ex-United Steel director.
- Sir Roger Stevens Vice-Chancellor of Leeds University; chairman of Yorkshire and Humberside Economic Planning Council; ex-Ambassador to Sweden and Persia.
- Jack Surman (44) Second vessel man, LD/AC steel making plant, Normanby Park steelworks, Scunthorpe; local councillor since 1952 and Mayor of Scunthorpe in 1966. Member of Lysaght's Joint Works Committee for many years and chairman for 1967.
- John Walton (40) Shunter, Appleby-Frodingham, Scunthorpe. Union delegate for the Traffic Department Lodge of the NUB, of which, for the last four years he has been chairman of the North Midlands district delegate board and national executive member. Scunthorpe councillor. Ex-Sheffield University day-release student.
- Stanley Waring (55) Stockyard foreman, Steel, Peech & Tozer, Rotherham. Secretary of a foreman and supervisors branch of BISAFTA.

Northern and Tubes

- C. R. Cherwynd (51) Deputy Chairman, Land Commission; former director of the North East Development Council.
- J. Slater (57) Assistant manager of a finishing mill, Dorman Long's Lackenby Works, Middlesbrough.
- L. Eaton (47) Chief clerk, Stanton & Staveley Works, nr. Nottingham.
- Joe O'Hagan (66) Ex-NUB general secretary; TUC General Council and chairman 1966.
- Jock Kane (42) Chargehand blast furnaceman, Corby Works, Steward & Lloyds, Corby.

Scottish and North West Group

- W. L. Mather Chairman, Mather & Platt, Manchester
- Rt. Hon Viscount Muirshiel of Milmacolm, formerly John Maclay, Conservative Secretary of State, Scotland).
Director of P & O.
- Edward Griffiths (39) Industrial chemist, Shotton Works, Deeside.
- James Morrison (47) Bricklayer, Lanarkshire Steelworks, Colvilles, Motherwell.
- Cyril Whur (52) Roughing rollerman, Lancashire Steelworks, Irlam. Branch secretary and national executive member of BISAFTA.

South Wales Group

Sir Hugh Weeks Director, Industrial & Commercial Finance Corporation.

Professor F. Lewellyn-Jones Principal, University College of Swansea.

James E. McComb General manager, Cwmbran Development Corporation.

W. G. Williams Shift foreman, Trostre Works.

J. F. Wiley Fitter, East Morr Works, Cardiff.

W. D. Griffiths Cold mill feeder, Ebbw Vale Steelworks.

The proposals for worker directors on each of the four Steel Group boards provides the danger of workers representation being saddled with great responsibility and little or no power. In fact, Richard Marsh sees the sharing of responsibility and the involvement of the workers, through these 'employee directors', "in the decisions which have to be made — and some of the decisions will be uncomfortable decisions" as one of the central purposes of the scheme. The more they are separated from their base in their unions and in their own works the more powerless these directors will be. Every attempt will be made to isolate them from rank and file pressures by enforced secrecy concerning board discussions and decisions, by the prerequisites of their new offices and by their removal from all union positions. To offset this, the worker directors will have to insist on sharing as much as possible of the information they acquire and on finding regular and frequent means of discussion with rank and file members and with Union committees at plant level.

5. Consultative Advisory Committees

The most important development for the future of worker control in the steel industry will be the establishment of the new system of representatives of consultative committees at different and corporation level. For these committees to develop in the direction of workers' control two principles must be established:

- a. the Committee must be elected from Trade Union nominations at each level;
- b. the Committees at each level must have representatives on them from the lower levels.

If national and group consultative advisory committees consist only of full-time union officers the possibility will be lost of bringing rank and file pressure to bear up the whole ladder of consultation and of carrying back into the lower level committees a real

appreciation of the overall policies within which plant and departmental decisions are being operated. Moreover, it is only with a system of representatives of consultative committees at different levels that the worker directors would be able to establish some real power to influence decisions at the Group Boards.

What is needed now is to create a climate of opinion which will make it possible to bring the worker directors and the whole consultative machinery in the steel industry under effective democratic control. This climate can only be created by establishing workers control groups drawn up from as many unions as possible in each of the steel plants. These groups should begin to inform themselves about the product, the management and the finance of their works and about the operations of the Corporation and its Group board. They will need to ask for opening of the Company and Corporation books; not only to protect the immediate interests of the workers and to defend them against unplanned redundancy, but in order to be able to make the necessary social demands for the best continuing contribution of the works manpower, equipment and funds to society as a whole. For all these purposes they will need to make contact with similar groups in other steel works and with workers' control groups in other industries. Out of such contacts will grow the demand for increasing social control over the economy which alone can make workers' control at the plant level effective.

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