

Title	EMPLOYERS' ORGANIZATIONS AND WAGE QUESTION OF SKILLED WORKERS: POWER STRUCTURE IN THE EEF AND SKILL SHORTAGES IN THE BRITISH ENGINEERING INDUSTRY, 1933-34
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**EMPLOYERS' ORGANIZATIONS AND WAGE QUESTION OF
SKILLED WORKERS:
POWER STRUCTURE IN THE EEF AND SKILL SHORTAGES IN THE
BRITISH ENGINEERING INDUSTRY, 1933–34**

Kentaro SAITO

Ex-graduate Student, Keio University, Tokyo, JAPAN

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Abstract: Recent discussions on the history of industrial relations in Britain have focused often on the role of employers' organizations. To discuss power structure between employers' local associations and their national headquarters this article deals with skill shortage in the engineering industry in the interwar period and how the employers responded to it. The Engineering Employer Federation (EEF) tackled the question of the remuneration of toolmakers, highly skilled engineers, to secure them. This article shows firstly how the EEF did *not* grasp changes in industrial practices on shop floor and secondly how local associations rejected the intention of their national body.

There was a change in the angle of historical studies on labour issues in Britain around the early 1980 and many labour historians began to focus on managerial aspects in labour relations. Against this background, the Engineering Employers Federation (EEF, hereafter) has been one of the most frequently researched organizations by economic and social historians to discuss the characteristics of management in Britain. Examining cases in the EEF can be very advantageous to an understanding of industrial relations in Britain of the first half-twentieth century. The firms in the EEF, which was established in 1896, were constituted of about thirty sectors of engineering. Of these the most important were aircraft, motor cars and cycles, machine tools, electric engineering and general engineering.¹ These industries were leading sectors of, what is called, the Second Industrial Revolution, and played an important role in the economy and industry of Britain in the twentieth century. In addition, the employment in the EEF accounted

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¹ On other sectors, see K. G. T. C. Knowless and T. P. Hill, 'The structure of engineering earnings' in *Bulletin of the Oxford University Institute of Statistics* 16 (1954), pp. 272–328, especially p. 310.

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for more than 50 per cent in the interwar period and it seems that we can discuss British industry as a whole quite generally with data and records in the EEF.²

Discussions on the EEF by the historians can be divided mainly in two groups. One claims that employers in the engineering industry and the EEF were relatively weak in the industrial relations and they could not control strongly labour management. Jonathan Zeitlin is the standard bearer of this discussion. Although the engineering employers had defeated the Amalgamated Society of Engineers (ASE) in 1897–8 and its successor, the Amalgamated Engineering Union (AEU) in 1922, he argues, on neither occasion did they take advantage of their newly-won freedom to introduce new machine tools and semi-skilled men and women into their shops or to undertake the sort of major capital investment which would have been essential for a full-scale transformation of the division of labour.³ In other industries, such as in motor cars and shipbuilding, Steven Tolliday and Alastair Reid also claim ineffective attitudes of the employers on labour process.⁴ On the contrary, another interprets the employers and their organizations more positively. Arthur McIvor has examined cases in employers' associations in north-west England and argued that the employers' organization was not weak and disunited at the local level and the employers played a pivotal role in pursuit of class interests.⁵ In addition to this, Richard Croucher has examined Toolroom Agreement of 1941, a local agreement between the AEU and the employers' association in Coventry and stated that strong local associations may have contributed to a weak central EEF.⁶ It may be said, he mentioned, that Tolliday and Zeitlin's arguments are based on international comparison and may even therefore withstand criticism from local cases.

This article aims in discussing the relationship between the headquarters of the EEF and its local associations in the interwar period in order to examine power structure in the employers. The remuneration of toolmakers in 1933 to 34 will be shown as a case study. Toolmakers, or toolroom workers, were the most versatile workers among engineers and had to see jobs through from raw material to completed article, covering most types of essential metal-working.⁷ Because their skills lay at the base of the mass-production system that began to be adopted among the engineering industry, especially its newly developed branches, such as motors, aircraft and electrical engineering,

² The proportion of workers employed in the federated firms to the total employment in engineering was 51.2% in 1921 and 68.9 in 1931, calculated using E. Wigham, *Power to Manage* (London, 1973), Appendix. pp. 303–4 and C. H. Lee, *British Regional Employment Statistics 1841–71* (Cambridge, 1979).

³ J. Zeitlin, 'The strategies of British engineering employers, 1890–1922,' in H. Gospel and C. Littler (eds.), *Managerial Strategies and Industrial Relations* (London, 1983), pp. 25–54.

⁴ S. Tolliday, 'Management and labour in Britain, 1896–1939', in S. Tolliday and J. Zeitlin (eds.), *The Automobile Industry and its Workers. Between Fordism and Flexibility* (Cambridge, 1986), pp. 29–56. A. J. Reid, 'Employers' strategies and craft production, the British shipbuilding industry 1870–1950', in S. Tolliday and J. Zeitlin (eds.), *The Power to Manage ?* (London, 1991), pp. 35–51.

⁵ A. McIvor, *Organised Capital, Employers' Associations and Industrial Relations in Northern England* (Cambridge, 1996), pp. 25–6.

⁶ R. Croucher, 'The Coventry Toolroom Agreement, 1941–1972, Part 2: Abolition', in *Historical Studies in Industrial Relations* 9 (2000), pp. 37–70, especially p. 64.

⁷ 'Training for Toolroom Work, Intensive course at a Technical College', Ministry of Labour and National Service, *Engineering Bulletin* No. 2 (1941), pp. 25–8, especially p. 26.

demands for toolmakers increased drastically.⁸ The number of toolmakers doubled between 1924 and 1938.⁹ We will review a series of events relating to the wages of toolmakers, which took place between the end of 1933 and the middle of 1934, and call this the Toolroom Question. Mainly, a series of arguments in the circles of the employers on the remuneration of toolroom workers will be explored. The Management Board of the EEF and many federated associations and firms throughout the country were involved in this. Therefore correspondences between firms, federated associations and the EEF, which are housed in the EEF archives as case files, are main sources for this article.

I

Wage disputes in the toolroom or by toolmakers can be seen throughout the inter-war period and some agreements on them between the AEU and EEF were reached.¹⁰ However, wage disputes in the 1920s were discussed at the local level and few cases were actually discussed at Broadway House, the headquarters of the EEF. It was in the late 1920s that the wage questions leading to that of the 1930s arose. In May 1929, the AEU asked the Coventry and District Engineering Employers' Association (CDEEA) for a local conference to discuss whether the wages of skilled toolroom workers. Although the CDEEA declined their claim immediately, it came to the notice of the Federation through a trade union journal that Armstrong-Siddeley, a Coventry-based motor company, had intimated that there would be an increase of two pence per hour for the toolroom men in their factory.¹¹ The Federation took up the question seriously against the CDEEA. In its opinion, no advances were allowed to be conceded to any section of workers while the national application was still under consideration.¹² An Emergency Committee was held in September to discuss the firm's decision. J. D. Siddeley explained there that these adjustments were made in the knowledge that his company's rates of pay for toolroom workers were less than those paid in certain other competitive shops in the district.¹³ According to the Association, the majority of the toolroom

⁸ There were other types of highly skilled workers in metal-working, such as patternmakers, electrician and millwrights. However, toolmakers' roles, such as machining and fitting the many detailed attachments to large machine tools and special machinery used in the production line, were especially important in mass production. Pattern makers were also very important in new industries.

⁹ Employment of toolmakers increased by 121 per cent in the EEF records. There were 5,141 toolmakers in 1924 and 11,364 in 1938. [Modern Records Centre, hereafter, MRC] MSS. 237/13/3, Workforce Statistics.

¹⁰ A relatively large number of local toolroom agreements were reached with the London Association. Between 1919 and 1945, the London Association of the AEU and the EEF arrived at 36 agreements, of which 4 agreements related to toolmakers.

¹¹ EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book, No. 7, 8/11/1929, pp. 57–9.

¹² EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book, No. 7, 8/11/1929, p. 58.

¹³ EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book, No. 7, 8/11/1929, p. 59.

workers in Coventry were engaged on some system of payment by results.¹⁴ There seemed to be difficulties in regulating the system so the question of the wages of skilled toolroom workers and maintenance men was referred to the Administration Committee (AC, hereafter) of the EEF. However, the AC arrived only at a temporary solution on this issue and decided to put off making an answer to the general question of the wages of toolroom workers. The problem was that there was no uniform system of remuneration of toolmakers and the practice varied “considerably up and down” in the country. They recommended the Management Board (MB, hereafter) to allow those members of the Coventry Association who had received applications for increases in the rates of wages to be dealt with on a merit basis and not on an adjustment of wage basis.¹⁵ The same question also take place in London requested an increase in the rate for workmen engaged on press tool making.¹⁶ Although the Committee mentioned it was desirable to recommend to the MB that certain general principles should be laid before the federated association for guidance, this idea was not accomplished.¹⁷ It seems that when the industrial slump took place, the question of increase in wages ceased to be an urgent problem for the industry.

II

The question of remuneration for toolmakers started to arise again with the industry and economy recovering from the slump. As far as recorded cases in the files of the EEF are concerned, the first case relating to the wages of toolmakers in the 1930s is a wage dispute in December of 1933 at Harland and Wolff Limited, a Belfast-based ship-building company, of the Belfast Marine Association.¹⁸ The AEU claimed payment of a piecework bonus to toolroom workers who could not be put on to a strict piecework basis.¹⁹ Before 1930, the firm had paid an allowance to the toolroom workers. The allowance was a sort of compensation bonus for those who could not be put on piecework yet but who were highly skilled men chosen for particular work.²⁰ Even in the early stage of the negotiation between the firm and the AEU, the firm expressed the feeling

¹⁴ W. Brown mentions that toolroom workers in the Coventry area were on timeworking in the 1960s because of “the special nature of their work”. See W. Brown ‘Piecework wage determination in Coventry’, *Scottish Journal of Political Economy* 18 (1971), pp. 1–30, especially p. 2. Many firms, which had once adapted piecework in their toolroom, changed the system of payment back to timework after the arrival of the Coventry Toolroom Agreement.

¹⁵ EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book, No. 7, 8/11/1929, p. 60.

¹⁶ EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book No. 8, 29/11/1929, p. 66.

¹⁷ EEF records [MRC] MSS. 237/1/4/2, Administration Committee Minutes Book No. 3, 20/3/1929, p. 76.

¹⁸ Belfast Marine Engineering & Aircraft Establishments were the only firms in this Association. On Harland and Wolff, see, M. Moss and J. R. Hume, *Shipbuilders to the World: 125 years of Harland and Wolff, Belfast 1861–1986* (Belfast, 1986).

¹⁹ EEF records [MRC] MSS. 237/3/1/297. The first correspondence was 5 December 1933.

²⁰ EEF records [MRC] MSS. 237/3/1/297, ‘Report of meeting with Amalgamated Engineering Union, 3 May, 1934’.

of appreciation that in due course some allowances would probably be necessary so far as the skilled toolroom workers were concerned.²¹ However, the Belfast Marine Engineering Employers' Association, which was constituted only by this firm, asked the Management Board of the Federation to advise what Federation policy was on this issue. It seems that the Management Board tried to make an inquiry to the same type of trade as that of Belfast. Responding to the request from the Belfast Marine Association, the Board contacted the North West Association on whether any special allowances were made to toolmakers employed by marine engine builders on the Clyde.²² The questions were firstly whether they worked on payment by results, and then whether they were given anything resembling lieu rates, and finally whether they were paid a percentage based on the earnings of the production workers. Practically all toolroom workers in the Clyde works were timeworkers. They received no compensatory bonus or percentage based on the earnings of the production workers. However, merit rates to toolroom workers were common in the district. The merit rates varied from zero to 2 shillings 6 pence per hour according to the ability of the individual men.

The attitude and policy of the MB to the question of the toolroom was not very clear and could not give any guidance to the Belfast Marine Association. However, the Belfast case was not the only one, and remuneration questions for toolmakers were arising in other places. One of them was in the South. The situation seemed to be more urgent than that of Belfast Marine. In January of 1934, at a meeting of the Regional Committee for the South Eastern Area, the question of toolmakers' wages was discussed.²³ The Regional Committee tried to receive some guidance from the Federation as well as the Belfast Marine. They appealed to the MB that the question of establishing sound principles for the guidance of local Associations in dealing with the remuneration of toolmakers had to be investigated by the Federation without delay.²⁴

Difficulties in securing toolmakers in the South were more severe, mainly because there was more demand for them. As has been stated, industries needing the toolroom were expanding. In particular, the situation in the Bedford Association seems to have been very pressing, even among the Associations in the South. It was reported by a member of the South Eastern Association at a meeting of the Regional Committee that particular difficulties were taking place in Luton, a member of the Bedford Association, as a result of a neighbourhood non-federated firm enticing away toolmakers from the

²¹ EEF records [MRC] MSS.237/3/1/297, 'A letter from the Belfast Marine Engineering Employers Association to the Management Board of the Engineering Employers Federation, dated 26 January, 1934'.

²² EEF records [MRC] MSS 237/3/1/297, 'The Management Board, the EEF, Memorandum of telephone conversation with the North West Association on Toolroom men, dated 29 January, 1934'.

²³ The South Eastern Region was constituted of the Bedfordshire, Cambridge, East Anglia, London and Peterborough Associations.

²⁴ EEF records [MRC] MSS237/3/1/297, 'Extract from minutes of meeting of the Regional Committee for the South Eastern Area, 19 January, 1934, chaired by J. C. A. Ward.' This extract was sent to the Management Board with a letter, dated 23 January, 1934.

federated firms.²⁵ This non-federated firm was not named in the records of the meeting. However, the following case, from another source, seems to be very relevant to what was reported in the meeting. Skefko Ball Bearing Co. in Luton, a federated company, had to make some concession to claims for an increase in wages of their toolroom men from the end of 1933 to the beginning of 1934 because Vauxhall Motors, a non-federated firm, had already conceded certain advances in their toolroom.²⁶ Skefko made an agreement, without consultation with the Federation, that they would pay the toolroom workers 25 per cent of the bonus earned by the production men. In fact it seems that many cases of this kind were taking place in the Luton district. In January of 1934, 5 out of 11 toolroom men at George Kent Ltd. were granted increases for ability.²⁷

Responding to this, the MB needed to have more information and circulated a letter to the federated firms to find out whether the firms worked systems of payment by results in their toolrooms, especially in the case of making of jigs and other machine appliances.²⁸ Further to the circular, the Board sent another letter to the federated associations to give the federated firms a momentary guidance on the question, on 29 January of 1934. In the circular, the MB mentioned firstly that there were indications that a continuance of the upward trend recently evidenced in the industry would disclose a shortage of toolmakers, which might involve the federated firms in serious inconveniences if the situation was not handled very carefully, and claimed secondly that it would be most unfortunate if the situation were allowed to develop to the stage of federated firms competing with one another for toolroom men.²⁹ Then, it cautioned that in two federated districts, Belfast and the South, movements had been commenced by the toolroom workers to obtain increased remuneration and these might be the forerunners of similar movements in other districts. In the conclusion of the circular, although it was a temporary one, the MB decided that the following precautionary measures should be taken to keep the situation getting out of hand:

(i) No federated firms should introduce a system of payment by results, or bonus scheme, or take any other step which will have the effect of increasing the general level of the remuneration of their toolroom workers, without consulting with and receiving the approval of their local Association.

(ii) Firm should be requested to exercise discretion in awarding ability or merit rates to skilled toolroom workers, so that the number in receipt of ability or merit rates will be restricted to a reasonable proportion of the total number of this class employed

²⁵ EEF records [MRC] MSS 237/3/1/297, 'Extract from minutes of meeting of the Regional Committee for the South Eastern Area held 19 January, 1934'. The names of the federated and non-federated firms were not mentioned in the extract.

²⁶ EEF records [MRC] MSS. 237/3/6/3, 'Recent Tool Room Cases', p. 1. In December of 1933, the toolroom base rates at the Skefko company were approximately 1/4 to 1/4 1/2 per hour.

²⁷ EEF records [MRC] MSS. 237/3/6/3, 'Recent Tool Room Cases', p. 2.

²⁸ EEF records [MRC] MSS. 237/3/1/297, 'A circulated letter to the secretaries of the federated Associations from the Management Board of EEF, dated 30th January, 1934'.

²⁹ EEF records [MRC] MSS.237/3/1/297, 'Wages of skilled toolroom workers, a circular to the secretaries of federated Associations from the Management Board of the EEF, dated 29 January, 1934'.

in the establishment, and then only provided that the actual operations on which these toolmakers are engaged warrant a merit rate being paid.

III

The responses by the federated associations to the circular were various. Among them, a suggestion from J. M. Lowry, the Secretary of the Leicester Association, was comprehensive and also along the same lines as the MB actually intended. Despite his admission that the position on the question in the Leicester area had been kept "fairly well", on the other hand, "already there were clear indications of a shortage of skilled labour".³⁰ The Leicester Committee felt that to maintain the present position would inevitably lead to the situation in which the MB desired to obviate, viz., competition between federated firms for toolroom men. In fact, as pointed out at a meeting of East Midland Regional Committee,³¹ of which the Leicester Association was a member, held in February, 1934, a firm of the Nottingham Association had lost a number of their best toolmakers, who had found employment in Coventry at much higher rates than they had been receiving in Nottingham.³²

Lowry also pointed out that it was generally known that firms throughout the country paid ability rates, bonuses, lieu rates and other forms of payment to toolmakers. Lieu rates are a type of bonus for workers who cannot easily be put on a system of payment by results, to encourage a desired level of output.³³ Millwrights, toolmakers and maintenance men were the principal classes of engineers to whom such payments had been made. "Whatever form this extra remuneration may take", Lowry continued, "it may be conceded that the firms are actuated by a common motive in endeavouring to make the earnings of their skilled toolroom workers bear some reasonable relationship to the earnings of production workers".³⁴ However, it appeared to him that these attempts on the part of individual firms were entirely "unrelated and by their very nature engender friction and have a highly prejudicial affect on other firms". In practice, strong measures were taken to prevent firms from paying enhanced rates, even to the extent of expelling certain firms from the Leicester Association, with the result that dissatisfaction was created among their workers and firms lost good men who migrated to districts where

³⁰ EEF records [MRC] MSS. 237/3/1/297, 'A letter from J. M. Lowry, the Secretary of the Engineering and Allied Employers Leicester and the District Association, to the EEF, dated 9 February, 1934'.

³¹ The East Midland Region was constituted of Burton-on-Trent, Derby, Leicester, Lincoln and Nottingham associations.

³² EEF records [MRC] MSS.237/ 3/1/297, 'Wages of Toolroom Workers, Extract from minutes of meeting of East Midland Regional Committee, held 28th February, 1934'. This was pointed out by Baird from the Nottingham Association.

³³ M. L. Yates, *Wages and Labour Conditions in British Engineering* (London, 1937), p. 91. Yates stated that "Lieu rates" were less encountered at the present time than formerly, on account of the spread of the policy of introducing a definite system of payment by results wherever possible. Lowry telephoned to the Management Board on 6 March, 1934, to revise the expression, "lieu rate" in his letter dated 9 February of 1934, and replaced it with "enhanced and merit rates". EEF records [MRC] MSS. 237/3/1/297.

³⁴ EEF records [MRC] MSS. 237/3/1/297, 'A letter from J. M. Lowry to the EEF, dated 9 February, 1934'.

enhanced rates were paid.³⁵ Lowry claimed that, given “the scarcity of skilled toolroom workers and the disinclination of skilled workpeople to qualify for employment in the toolroom, it was doubtful if this position could be maintained should trade improve to any material extent.”³⁶ As a conclusion, he claimed that “much could be done in the direction of encouraging firms to put their toolrooms on a piecework footing”. And then, on 29 November the Leicester Association decided to increase wages by 2 shillings for toolmakers and maintenance men.³⁷

In the meantime, the discussion was proceeding in the South Eastern Area. At a meeting of the Regional Committee for the Area, held on 23 March 1934, the Committee unanimously adopted the following resolutions on their toolroom question. Firstly they finally approved the principal of permitting Associations in the region to recognise for skilled toolmakers a “differential” above the skilled fitters’ rate, “either with or without agreement with the AEU”. In addition, it was laid down that in any agreement made with the union safeguards should be included defining the toolmakers entitled to such “differentials”.³⁸ The “differentials, as a measure of the difference of skill between the ordinary skilled toolmakers and the ordinary skilled turners or fitters”, were fixed at from 10 per cent to 12.5 per cent of the basic rate of the skilled turners or fitters (clause 2) although these advanced rates were supposed to be applied as a one-off increase.³⁹ However, their decision was rather comprehensive and practical. The Regional Committee stated that it was not practicable to cancel existing agreements or recognised practices by which rates of wages or lieu rates in excess of this “differential” existed. The Committee recommended that “in any adjustments that may be contemplated the recommendation contained in (clause 2) should be aimed at”, and this actually meant that the Committee admitted, *ex post facto*, existing increases in wages in the toolroom.

Under the decision of the South Eastern Regional Committee, in April of 1934, the toolroom workers employed by Commer Cars Ltd., again in Luton, applied for an advance of two shillings six pence per hour.⁴⁰ Although the firm did not decide to pay them immediately, they finally offered to substitute in place of the 25 per cent, a bonus on the rate of 1/1 1/2 d equal to the average percentage earned in the production machine shop. Almost at the same time, from East Anglia, the question of remuneration for toolmakers was also reported to the Management Board. In March, 1934, the AEU claimed a rate of 1/9 per hour plus the national bonuses for toolroom workers at Hoffmann’s in Chelmsford. An existing agreement, having been arrived at in December of 1927, provided for a rate to be paid by the firm to toolroom men of 25 per cent on the fitters’

³⁵ EEF records [MRC] MSS. 237/3/1/297, ‘Wages of Toolroom Workers, Extract from minutes of meeting of East Midland Regional Committee, held 28th February, 1934’.

³⁶ EEF records [MRC] MSS. 237/3/297, ‘J. M. Lowry to the EEF, 9 February, 1934.’

³⁷ AEU records [MRC] MSS. 259/1/2/57, AEU Executive Council Minutes, 3, Dec, 1934, p. 332.

³⁸ EEF records [MRC] MSS. 237/3/297, ‘Extract from minutes of meeting of the Regional Committee for the South Eastern Area, held on 23 March, 1934’, ‘Extract from minutes of meeting of the Management Board, held on 19 April, 1934’.

³⁹ EEF records [MRC] MSS 237/3/297, ‘Extract from minutes of meeting of the Management Board, held on 19 April, 1934. Clause (2)’. The limit of the application was mentioned in the Clause (3).

⁴⁰ EEF records [MRC] MSS. 237/3/6/3, p. 2.

weekly rate of 45/-, plus the 10/- bonus. At the Central Conference on 18 May 1934, this matter was referred back for further consideration locally.⁴¹ However, at a works conference on 7 June 1934, a temporary agreement was arrived at, which provided for a minimum base rate of 51/- plus 20 per cent compensatory bonus on individual rates plus 10/- war bonus, the existing ability rates to be continued and transferred to the new base rate.

The question of the remuneration of toolmakers was resumed in the West Midland, such as in Birmingham and again in Coventry.⁴² However, unlike the areas mentioned above, enhancing wage rates of toolmakers did not take place in this area. In Birmingham, the existing rate for toolroom workers was 48/- and the AEU applied for an increase of 1 shilling and 9 pence per hour. But, the application was refused locally and the union did not carry the matter further.⁴³ In Coventry, the recognised all-in-rate for skilled toolroom workers on day-work was 70 shillings, constituted by 48 shillings as base rate, 12 shillings as lieu rate and 10 shillings as war bonus. The AEU applied for 2 shillings per hour, but was refused in Local and Central Conferences.⁴⁴ A likely reason why the process did not go well is that the wages for toolmakers in the West Midland Area were already high enough. In particular, wage rates for engineers, in general, were highest in the Coventry district. On the other hand, a movement to institute wages of toolroom workers had arisen in this region. The Coventry Association suggested a scheme to introduce payment by results into the toolroom in January of 1934.⁴⁵ However, some questions arose and the policy was not put into operation in April of that year.⁴⁶

IV

We will now move back to the case of Belfast Marine. Although the Belfast Marine Association and the MB continued to correspond while the toolroom question was being discussed elsewhere, there are few records in the case files of the EEF between January and May in 1934 and the discussion seems to have been frozen. The Association seems to have been waiting for the result of the inquiry by the MB into the toolroom of the federated firms.⁴⁷ Thus, we have to wait until May of 1934 before they resumed their discussion. On 3 May 1934, a meeting was held between Harland & Wolff and the

⁴¹ EEF records [MRC] MSS. 237/3/6/3, 'Recent Tool Room Cases'.

⁴² EEF records [MRC] MSS. 237/3/6/3, Both Birmingham and Coventry were in the Midland Region of the EEF which was constituted of Coventry, North Staffs and West Midlands.

⁴³ EEF records [MRC] MSS. 237/3/6/3, 'Recent Tool Room Cases'.

⁴⁴ EEF records [MRC] MSS. 237/3/6/3, 'Recent Tool Room Cases'.

⁴⁵ R. Croucher has mentioned that in Coventry Varley, the Secretary of the CEEDA, tried to attract more toolmakers to the district by paying increases in 1934 but his idea was prevented by the EEF. R. Croucher, 'The Coventry Toolroom Agreement, 1941-1971, Part 1: origins and operation' in *Historical Journal of Industrial Relations* 8, (1999), pp. 1-41, especially, p. 7.

⁴⁶ EEF records [MRC] MSS. 237/3/1/297, 'Extract from minutes of meeting of the Management Board, 19 April, 1934'.

⁴⁷ Only three letters between the two institutions are left in the case file of the EEF.

AEU at Belfast.⁴⁸ The question at Belfast Marine was also making for its solution. A. Blair, the representative from the firm, mentioned that although the toolroom men did not “press this matter” the time arrived when they would again introduce the bonus for the men in the toolroom. The allowance would be a “sort of compensation bonus” for those who could not be put on piecework and were highly skilled men chosen for particular work. In other words, the allowance would be paid as “piecework bonus”. They appeared to Blair to be dissatisfied with their earnings, compared with the men employed on piecework. He also mentioned that “there was a demand on other districts for toolroom fitters”. In short, the firm thought on the question, at the final stage, in the same way as the South Eastern Regional Committee. Their decision was conveyed to the Management Board through the Belfast Marine Association.⁴⁹

Against their decision, the Federation tried to persuade the firm not to enhance payment as “bonus”. The MB wrote straight to the firm, i.e., to A. Blair, to express the opinion of the Board on this question. Campbell, the Secretary of the MB, quoted one of the cases of the bonus in the toolroom discussed at the MB of the Federation on 19 April, 1934.⁵⁰ The scheme which the firm had in mind was that the toolroom men should receive a percentage on their rate calculated 100 per cent of the bonus on their base rates earned at the time by the production machine men. However, the Federation was entirely opposed to lieu rates and was equally opposed to overtime being calculated on anything but the actual time rates, and was also opposed to the plain timeworkers’ bonus of 2/- being granted to men who were in receipt of any compensatory allowance because they were not on a system of payment by results.⁵¹ The Federation claimed that the basis of adjustment had to be “directly related to the principle of payment by results and wholly divorced from any semblance of lieu payment” and clearly mentioned that the “question of toolroom wages should be settled ... on a straight system of payment by results”.⁵² It is very likely that the MB obtained the idea of regulating the Toolroom from the Austin Motor Company, where its management claimed that the system of payment by results worked well. Campbell continued:

⁴⁸ Atholl Blair, a director of the Engine Works at Harland and Wolff, and Marshall, the secretary of the Belfast Marine Association, represented the employers. Fredland and D. Madden attended on behalf of the AEU.

⁴⁹ EEF records [MRC] MSS. 237/3/1/297, ‘A letter from the Belfast Shipbuilders’ Association to the EEF, dated 15 May, 1934’.

⁵⁰ EEF records [MRC] MSS. 237/3/1/297, ‘A letter from Campbell to Blair, dated 17 May, 1934’.

⁵¹ EEF records [MRC] MSS 237/3/1/297, ‘An Extract from a letter, Federation to an Association, in connection with Toolroom men, an attached sheet to the letter from Campbell to Blair, dated 17 May, 1934’, Campbell drew up this extract and attached to the letter to Blair in explain the proposition of the EEF.

⁵² EEF records [MRC] MSS 237/3/1/297, ‘An Extract from a letter, an attached sheet to the letter from Campbell to Blair, dated 17 May, 1934’.

...It is most essential that the management should keep a close watch on the toolroom to see that the correct ratio both as to cost and numbers, vis-a-vis the toolroom and production shops, is maintained. We have known cases in which a similar arrangement to the one now proposed was in existence, and due to the management having obtained relief from what was considered a troublesome question, they failed to keep a careful watch on the toolroom with the result that they suddenly became aware that the cost of their toolroom had increased in a most disastrous manner and the ratio as compared with that of the production shop was out of all reason.⁵³

However, despite the intention of the Federation, Campbell's letter did "not give a definite solution to" the problem of Harland and Wolff in Belfast.⁵⁴ For them, one difficulty was that in making up the bonus for the toolroom on the percentage earned as bonus by the pieceworkers, the earnings of pieceworkers had to be received each month and a rate struck for the tool room men in whatever proportion had been agreed upon. A. Blair wrote back to Campbell,

...I have always had the feeling that if we started this the toolroom workers would expect to get an actual amount in excess of time rate to that earned by the pieceworker, and this probably on top of the Tool Room rate which here is fixed at 4/- above the standard rate.⁵⁵

Blair had started his career as an apprentice at the firm and was known as an excellent diagnostic engineer. After he became a director of the Engine Works at the firm, he purchased large high-quality machine tools with a "farsighted policy".⁵⁶ The judgment was therefore made with practical experience from the shopfloor. In other words, the decision of the firm was laid down not because they simply thought the bonus was the best solution but because they foresaw that the system suggested by the Federation would not work well, at least at their factory. There was no evidence that the system of payment by results was introduced into the toolroom between 1934 and 1939.⁵⁷ And their expectation was that other employers would have the same idea. In addition, the strongest reason to reinstate the bonus was the production scheme of the firm. Recovering from the slump, the production of the dockyard was planned to start increasing.

In addition, employers in shipbuilding traditionally tended to rely as much as possible on skilled manual workers rather than to invest in capital equipment. Because of the

⁵³ EEF records [MRC] MSS 237/3/1/297, 'An Extract from a letter, an attached sheet to the letter from Campbell to Blair, dated 17 May, 1934'.

⁵⁴ EEF records [MRC] MSS. 237/3/1/297, 'Bonus in Tool Room, A letter from A. Blair to Campbell, dated 25 May, 1934'.

⁵⁵ EEF records [MRC] MSS. 237/3/1/297, 'A letter from A. Blair to Campbell, dated 25 May, 1934'.

⁵⁶ M. Moss and J. R. Hume (1986), p. 369. Outside the yard, his great interest was technical education. Also see, A. Brew, 'A. Blair's obituary', *Engineering*, vol. 184, No. 4772 (1957).

⁵⁷ All the toolroom fitters in the Belfast Marine Association, being dominated by Harland and Wolfe, stayed on timeworkers between 1934 and 1939. EEF records [MRC] MSS. 237, Supp. 3.

intensity of fluctuation in demand for the product, they preferred manual labour which could be dispensed with when not required.⁵⁸ Altogether, It is most likely that the firm needed to secure enough toolmakers for their expansion scheme, and as a result, they needed to permit reinstitution of the bonus in the toolroom, together with considering the responses of the other Associations to the Toolroom Question. Thus, Harland and Wolff made an arrangement to re-institute their bonus payment as from the 1st of July at the minimum rate of 3/- per week of 47 hours.⁵⁹ The AEU agreed to accept this and Blair wrote that he expected by Christmas they would have to increase this bonus to 4/- per week. In short, against the intention of the Federation, an engineering firm in the Belfast Marine Association decided to remunerate their toolroom workers on “lieu rate” or “merit rate” basis. After this series of discussions on the toolroom question, the MB decided to remit these problems to the AC in June of 1934.⁶⁰ However, there are no records to show any further discussion of this issue in the records of the AC between June of 1934 and July of 1935, when the Committee started to discuss “shortage of skilled labour” in response to an informal request from the government.⁶¹

V

Along with the recovery of the economy from the slump, the demand for toolmakers began to rise, and a number of employers offered toolmakers increases in wages to carry out their production schemes. To conclude, putting the facts mentioned together, we have to point out the followings. Firstly, we have shown that the MB did not grasp exactly how practical issues on shop floor, such as rise in toolmakers, in the industry actually changed. As Zeitlin mentions, the national body of the employers could not show realistic strategies, such as guidelines of remuneration to skilled workers, to its local members.⁶² Secondly, The MB tried to regulate the movement of increasing wages and institute the remuneration of toolmakers by introducing the system of payment by results. However, the MB was not successful. In this sense, also as Zeitlin claims, the EEF was not coercive enough to control its members.⁶³

However, this is a unilateral discussion. Although the MB resisted improvements in remuneration for toolmakers, the increases in their wages proposed by the local employers themselves were finally implemented. And, in that sense, as Croucher claims, “strong local associations ...contributed to a weak central EEF”. When the strength was turned to workers and trade unions, employers’ organization could be very effective.

⁵⁸ A. Reid, ‘Employers strategies and craft production, the British shipbuilding industry 1870–1950’, in S. Tolliday and J. Zeitlin (eds.), *Power to Manage ?* (London, 1991), pp. 35–51, especially p. 42.

⁵⁹ EEF records [MRC] MSS. 237/3/6/3.

⁶⁰ EEF [MRC] MSS 237/3/1/297, ‘Wages of Toolmakers, General Question of Toolroom Wages, Extract from minutes of Management Board held on 23 June 1934’.

⁶¹ EEF records [MRC] MSS. 237/1/4, Administration Committee Minutes, No. 3, 18/7/1935, pp. 167–9.

⁶² J. Zeitlin, ‘The triumph of adversarial bargaining: industrial relations in British engineering, 1880–1939’, *Politics and Society* 18 (1990), pp. 406–26.

⁶³ J. Zeitlin, ‘The internal politics of employers organisation, the Engineering Employers’ Federation 1896–1939’, in S. Tolliday and J. Zeitlin (eds.) *The Power to Manage ?* (London, 1991), pp. 52–79.

And, the strength of British employer organizations, as McIvor mentioned, lay primary at the local and regional level, facing straight with workers and their unions.⁶⁴ Therefore, we need further research to discuss how this strength or weakness of employers actually affected on the history of industrial relations in Britain as a whole. However, such research lies beyond the scope of the sources this article has dealt with. We have to examine it in the light of relationship between the employers' organization and workers' organization both at the local and national level. We plan to pursue these questions as part of a broader research programme in the year to come.

⁶⁴ A. McIvor, Employers organisation and labour management, *Labour History Review*, vol. 57, no. 3 (1992), pp. 105–109.