

INTRODUCTION

A central feature of British history in the twentieth century is the long decline of the great staple export industries of the pre-1914 period. These industries were the core of Britain's industrial economy before the First World War, employing huge numbers, and providing the majority of exports which underpinned Britain's extraordinarily globalized economy of that era.¹ At the time of the 1907 Census of Production the four biggest of these staples – textiles, coal, iron and steel and general engineering – employed 25 per cent of the working population and produced 50 per cent of net industrial output. Coal, textiles and iron and steel alone contributed over 70 per cent of total British export earnings.² But over the following decades, at varying tempos, they all shrank to a small fraction of their previous size. After the great iron and steel and coal strikes of the 1980s these two industries followed cotton and shipbuilding downwards, with employment in iron and steel going from 186,000 in 1979 to 54,000 by 1990, in coal over the same period from 232,000 to 42,000. The contribution of these four to British trade had likewise shrunk to insignificance.

The demise of these industries resulted in both their owners and governments facing enormous problems of 'managing decline'. On the employers side a whole range of responses were deployed, usually in combination. These included a diverse set of strategies for increased efficiency (including more effective use of labour and mechanisms for reducing wage costs), technological improvement and new product development; collusive arrangements with other employers; lobbying for protection of markets; and finally, of course, rationalization and exit from the industry. On the government side, the impulse to manage the decline, felt much more strongly in some periods than others, derived especially from the huge concentrations of employment in these industries, usually in particular regions and towns, so that decline threatened mass unemployment and all its attendant evils. The character and degree of success of these governmental attempts at management had huge political as well as economic consequences. The election of the Attlee government in 1945, for example, cannot be understood without recognizing the widespread perception in the 1940s that the interwar Conservatives had mis-managed the decline of the staples; much of

the agenda of that Labour government was addressed to avoiding any repeat of those perceived errors. Forty years later, the Thatcher government's approach to the management of decline, especially in coal, was central to both its political outlook and political fortunes.

Jute as a Case Study

This book analyses this process of management by focusing on one example, jute, but treating this as a case study of the wider issues of the approach to and success of dealing with decline in Britain as a whole. There is already a voluminous literature on the staples, much of the best of it concerned with the interwar rather than post-war period.³ But for all the insights and diversity of this literature, none of it brings together all the elements studied here. These elements are: an understanding of the sources of decline and the approach of employers, government and workers to that decline, and the inter-action of these three agents; the close linking of a specific industry's trajectory to its local economy; and the assessment of how far decline was managed successfully, judged primarily by the consequences for that local economy.

For such a study jute is ideal.⁴ Small in relation to the 'big four' listed above, jute was still a significant industry. Employment in the industry reached its peak in 1891 with 49,000 employees, and still had 20,000 by 1948, falling to 8,000 by 1977.⁵ Raw jute use peaked in 1902, when 280,000 tons were imported, though the broad picture in the Edwardian period is one of a stagnating trend but with sharp cyclical fluctuations.⁶ As these peak dates suggest, the industry was actually a 'pioneer of decline' amongst the staples, its years of maximum prosperity coming around the turn of the century. But, like most of the other staples, the really sharp change in fortunes came after the Great War, when, following a wartime and brief post-war boom in 1919–20, the industry's interwar decline was extremely rapid; it recovered a little in and just after the Second World War, before declining further, especially from the late 1960s, and becoming extinct in the 1990s.⁷ In other respects also the industry had a similar character to the pattern for the staples. It was an extreme case of localization, with over 90 per cent of the UK's spinning of the material and over 60 per cent of the weaving in the City of Dundee, and most of the rest in nearby parts of Angus.⁸ It thus provides a particularly good case for understanding the impact of industrial decline and its management on a local region.

Jute was also typical of the staples in being highly internationalized, wholly reliant on an imported raw material (grown in Bengal), and selling much of its output overseas.⁹ This meant issues of international competition, free trade and protectionism loomed particularly large in the industry's history, and provided one important dimension of industry/government interaction.

In other respects jute differed somewhat from the general staple story. In several cases the staples were the archetypal male manual worker dominated industries – coal, shipbuilding and iron and steel being overwhelmingly of that

character. However jute, like cotton, employed large numbers of women, but their role in Dundee was significantly greater even than in the Lancashire industry. In jute women dominated weaving as well as spinning, with men largely confined to supervisory and ancillary activities. This meant that throughout most of its history more women than men worked in the industry, though the proportion fell after 1945, and men outnumbered women by the 1960s. The extent to which this gendered characteristic of the industry shaped the management of decline is an important aspect of our discussion.



Figure 1.1. Closure of the Blackness Foundry, Dundee, 1959. (University of Dundee Michael Peto Collection).

Finally, jute was distinctive in having to contend with the early and substantial impact of imports of Empire produced manufactured products, not just the invasion of its export markets. While imports into Britain were not an issue for cotton before the 1950s, Indian manufactured jute goods first entered Britain in 1885, and were a major cause of contention from the 1890s onwards.¹⁰ Thus managing the decline of jute has to be placed within the complex story of inter-Commonwealth economic and political relations, themselves of course significantly affected by India and Pakistan's independence after 1947.

As always, the case study method needs to be used with discretion. Dundee and jute were not the same as all the other staples, and general conclusions drawn from jute must be appropriately qualified. Nevertheless, it has enough 'typicality' to make the study of its decline, and the management of that decline, a powerful way of examining not only a fascinating individual case, but also a highly instructive example of many wider problems of twentieth century British history.

In analyzing the decline of jute in the context of the bigger British picture there are two perspectives which have been crucial in framing our approach. First we do *not* treat this decline as pathological, as part of some profound failing of British economy and society. This 'declinist' approach to modern Britain, while still ubiquitous, albeit increasingly challenged, we believe to be misleading and unhelpful. Rather than seeing the decline of jute and the other staples as part of a national pathology, we would see it as part of the recurrent history of capitalist market economies, constantly re-shaped by new patterns of demand, competition, and shifts in production technologies. In that context, 'decline' of any industry or set of industries is just part of the warp and weft of modern history, in all capitalist countries. This does not mean the whole process is automatic – it can be resisted or encouraged, and above all it can be managed, well or badly. But in trying to understand it, we should not treat it as a symptom of some profound malaise affecting British society, which tends to lead to moralistic and often unhistorical conclusions.¹¹

Second, while we summarize the story of the industry up to 1940 in Chapter 1, we focus the bulk of our attention on the post-1940 period. This is because, while the decline of jute continued in this period, the context in which this was managed was profoundly altered. There was a new 'social settlement' in the 1940s, arising from the war, which pushed the dynamics of managing decline in a new direction.¹²

Central to this new settlement was the production of the White Paper on *Employment Policy* in 1944, which heralded a key political commitment to 'high and stable' employment, however much the precise policy proposals of that Paper were shrouded in ambiguity.¹³ In the event, the feared collapse in demand which had so much concerned wartime policy-makers did not occur, so employment policy for the next thirty years mainly had to deal with regional and local

unemployment, not a general slump. The key legislation here was the Distribution of Industry Act of 1945, a direct consequence of interwar staple problems, and their high level of regional concentration.¹⁴

From the 1940s to the 1970s this full employment commitment framed the approach to the decline of the staples. This did not mean no decline took place. On the contrary, after key staples were nationalized in the 1940s, they shed enormous amounts of labour with little resistance.¹⁵ Paradoxically perhaps, nationalization, achieved 'rationalization' of the old staples of coal, iron and steel, and later shipbuilding, in ways which private enterprise had failed to between the wars – and in the 1950s and 60s with much less bitterness. However this decline was now, in large part, deemed tolerable only because overall macroeconomic conditions meant there were alternative jobs for most of those who left the staples – though for many it was still a painful process.

So in the early post-war decades issues of the political tolerability of unemployment were crucial to managing decline in ways which had not existed in the 1920s and 1930s. The context changes again from the 1970s, when, symbolized by Healey's budget of 1975, there began a process of giving a higher priority to defeating inflation and less emphasis on preventing unemployment.¹⁶ But this was by no means an unequivocal and immediate shift, and it was not until the early 1980s that it became apparent that high unemployment was not necessarily politically disastrous for the government, which again altered how far 'decline' was seen as a key problem to address.¹⁷ Our approach, then, treats the 1940s as a watershed in managing decline, but also pays considerable attention to the shifting economic and political context for this management *within* the post-war decades.

Structure of the Book

The book is organized as follows. Chapter 1 analyses the impact on the industry of the combination of foreign (overwhelmingly Indian) competition alongside the decline in world demand for major jute products in the four decades before 1939. It looks at how the Dundee industry responded to this competition, both in changing its own practices, and seeking to change the free trade policy of the government. It suggests that while the industry did alter its behaviour in some regards, for example by installing new machinery and associated shift-working, rapid decline in this period was driven by the overwhelming combination of world trade slump and increased foreign competition, but without any significant willingness on behalf of government to respond actively to the problem. Government involvement was largely limited to the indirect regulation of wages in the industry by Jute Wages Board, and the impact of even this was rather small. Overall, the story of jute (and therefore of Dundee) in the interwar years

was one of largely unmitigated depression, with the city suffering probably the highest levels of unemployment of any city in Britain.¹⁸

Chapter 2 sets out the main elements in the development of the industry from 1939 until its final demise in 1999. It locates Dundee jute in its global context, as the Scottish industry became a minor player in the world production of jute, but was still very much affected by developments elsewhere in the world, both in the jute-growing and jute-manufacturing areas of the Indian sub-continent, and in changing markets for jute products across the world.

Chapters 3, 4 and 5 analyse the various responses to the industry to the post-war challenges, as it sought to 'modernize' itself. Chapter 3 focuses on labour issues. Managing decline plainly involved labour in two senses. On the one hand the response of the industry to increased competition was to seek to reduce wage costs both by cuts in labour employed, and more efficient use of that which remained. The former issue – and the general issue of employment in Dundee – is returned to in Chapter 7, but the latter is focused on in this chapter. The drive to modernization in jute, focusing on more efficient labour usage and higher labour productivity, took place in a national context where such issues had more policy significance than ever before. The impetus to greater labour efficiency resulted in complex attempts at changing patterns of labour usage and wage bargaining, and the industry's involvement in issues ranging from nursery provision to shift patterns, both of which were closely related to the gendered character of the industry's labour force.

Chapter 4 discusses the industry's attempts to defend itself by collusion amongst constituent firms. This was an important aspect of the industry, linked to broader issues of post-war British economic history because of the tensions between competition policy and the desire of firms in many industries to cooperate to achieve their goals – those goals including the 'orderly' management of decline. In the case of jute this issue was especially significant because of its long history of price collusion, which was greatly reinforced by the operation of the Jute Control from 1939. The industry was subject to a landmark Restrictive Practices Court case in 1962, and this is analysed in detail.

Chapter 5 deals with attempts by the industry to reposition itself in the face of competition. These responses included seeking to 'outflank' Indian competition by moving up-market, looking for new uses for jute products, and linked to these changes, searching for new technologies. These responses involved both individual firms and collective bodies, including the AJSM but especially the British Jute Trade Research Institute. An important part of this story is the development of polypropylene as an alternative, synthetic material for sacking and other uses of jute, alongside the development of new end uses for jute, like carpet-backing, both of which had major impacts on the size and shape of the industry.

Chapter 6 focuses upon the industry's multi-faceted attempts to influence government – mainly in London, but also in Edinburgh. The protection issue was transformed in 1939 with the creation of the Jute Control, and thereafter there was an almost continuous dialogue between the industry and London about the future of protection. This dialogue involved an interplay between concerns in London about international commercial policy, which in these years was being driven in a liberalising direction, and Dundee's concerns with employment, an issue on which forces in both Edinburgh and London could be mobilized. This dialogue set the pattern for the broad trajectory of reduction of protection from the 1950s onwards, but within which, at least until the 1980s, fears of unemployment seriously tempered the pace of change.

Issues of gender were also part of the story here, as in the case of jute the threat of unemployment was to a significantly female workforce (though the predominance of women was eroded after 1945), and in a place which had commonly been labelled a 'women's town'. Protection also, of course, meant concerns about relationships with India, a country simultaneously poor and a member of the Commonwealth.

Chapter 7 places the decline of jute in the context of Dundee. How successfully that decline was managed can best be assessed by looking at the economic health of the city, especially in respect of employment. Until the 1970s the decline can be seen as compatible with a degree of economic buoyancy in Dundee, not least because of the successful efforts to encourage multinational manufacturing companies to locate in the city. But from the 1970s these companies began a long retreat, and combined with the sharper decline of jute in the early 1980s, this led to a marked deterioration in the city's economic fortunes.

The conclusion summarizes the major themes that emerge from the book. It emphasizes the considerable degree of success achieved in managing the decline of jute in the two decades after the Second World War. This success rested on internal changes in the industry, but especially on the role of the state both in the broad sense of seeking to use policy to secure full employment, but more specifically protecting the industry in a fashion which encouraged its own efforts to change.