The Moral Economy of Deindustrialization in post-1945 Scotland

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This paper contributes to the debate about Scotland’s distinctive economy by examining the post-1945 employment effects of deindustrialization. It explores the connection between two issues, one empirical and the other more abstract: the changing distribution of industrial employment by sector from the 1950s to the 1990s, within the broader contraction of industry’s overall employment share; and the ‘moral economy’ arguments attached to these changes in employment.

The paper develops from a study of the coal industry where job losses were accepted because two moral economy criteria were satisfied: colliery closures were generally secured through negotiation with the workers; and economic stability for individuals, households and communities was guaranteed, with redundant miners transferring to higher productivity ‘cosmopolitan’ pits, and alternative industrial employment created in the coalfields, encompassing opportunities for women also. This process was phased. Following coal’s post-war employment peak in 1957 there was a period of contraction and restructuring, 1958-67, followed by a decade-plus of stabilization, 1968-79, and then accelerated contraction until 1990. Small remnants of deep coal mining survived in Scotland, but only until 2002. The moral economy framework was developed in the restructuring phase, and shaped the period of stabilization, as the growth of industrial alternatives significantly slowed, but in the 1980s was rejected by policy-makers and coal industry management.

The paper applies this moral economy framework and the phased model to the broader process of post-1945 deindustrialization in Scotland. The process resulted chiefly from changing public policy priorities in the UK as a whole. The distribution of employment by industrial sector was deliberately altered by policy-makers seeking more rapid rates of economic growth: labour and capital resources invested in assembly goods manufacturing – especially in consumer goods, electrical-mechanical and then electronic engineering – would yield higher rates of return than in coal and other ‘heavy’ industries. This was seen as especially desirable in Scotland, where growth was persistently below the UK average from the 1950s to the 1980s. Regional policy was the main mechanism applied by UK governments from the 1950s to the 1970s, with incentives to
manufacturers, including US multinationals, to locate in areas of lower economic growth and higher unemployment. So the employment problems of inward investment in the 1970s and 1980s – ‘branch plant syndrome’, ‘screwdriver jobs’ – were at least partly related to the moral economy expectations of Scottish workers, which had been raised by policy-makers in the 1950s and 1960s. Subsequent disinvestment and capital flight further transgressed Scottish moral economy expectations of stable employment and economic security.

Deindustrialization and its employment effects in post-1945 Scotland

Deindustrialization has been recognised as a core feature of the UK’s post-Second World War economic development [Chang], but there is ambiguity about its timing, extent and consequences. In the UK manufacturing’s share of employment peaked in 1966, by which point coal, shipbuilding, textiles and metal engineering, along with the railways, were contracting as employers. Employment in ‘light’ industries, mainly in consumer goods, electro-mechanical and then electronic engineering, remained significant into the 1980s and even 1990s, but the term ‘deindustrialization’ was already being used. Analysis among economists was multi-faceted, but two key aspects were the relationship between the growth rate and deindustrialization, and the consequences for the balance of payments, with the substitution effects of manufacturing imports compounding the negative consequences of falling manufacturing exports [Blackaby]. The phenomenon became highly politicized thereafter: UK government macro-economic policy in the 1980s combined with international trade pressures to induce an upsurge in closures and high levels of structural unemployment in industrial districts and regions. This shaped a narrative of economic change that was highly climactic or even catastrophic, especially in a Scottish context [Devine; Finlay; Harvie], and predominant in much popular literature on the UK more broadly [Hall; Jones].

There is a body of literature which in broad outline has established the gradual nature of industrial contraction in Scotland across the twentieth century, while noting the particular acceleration of negative employment effects after 1979 [Cameron; Knox; Lee; MacInnes; Peden]. The case of Scotland’s largest city demonstrates the general experience, with significant net manufacturing job loss in each of the decades from 1951, 1961 and 1971, as Table 1 demonstrates.
Table 1, Industry Share of Employment (per cent), Glasgow and Scotland, 1951 to 1991

<table>
<thead>
<tr>
<th></th>
<th>Glasgow</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>50.2</td>
<td>42.2</td>
</tr>
<tr>
<td>1961</td>
<td>46.0</td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>38.7</td>
<td>35.2</td>
</tr>
<tr>
<td>1981</td>
<td>27.9</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>19.2</td>
<td>20.9</td>
</tr>
</tbody>
</table>

Source: MacInnes (1995), Table 1; Census of Scotland 1951. Volume IV: Occupations and Industries (HMSO, 1956), Table 12; Census 1971 Scotland. Economic Activity: County Tables, Part II (Edinburgh, HMSO, 1975), Table 3; 1991 Census. Economic Activity Scotland (HMSO, 1994), Table 8

The detailed study by MacInnes, cited in Table 1, also shows that two of the five largest annual net losses of manufacturing jobs in the city from the 1960s to the 1980s were in 1966 and 1970, pre-dating the Thatcher years, although the proportionate effects of such losses increased over time (MacInnes, Table 6). Table 2, outlining the employment fall across Scotland in coal and the railways, reinforces this point, that the 1960s were highly significant in terms of aggregate employment losses in key industrial categories. It also reinforces the point, of course, that the smaller number of jobs lost in the 1980s, especially in coal, after and as a consequence of the great strike of 1984-5, had a disproportionately larger negative effect.

Table 2, Employment in Railways and Coal in Scotland, 1951 to 1991

<table>
<thead>
<tr>
<th></th>
<th>Railways</th>
<th>Coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>55,393</td>
<td>89,464</td>
</tr>
<tr>
<td>1961</td>
<td>53,990</td>
<td>80,410</td>
</tr>
<tr>
<td>1971</td>
<td>22,910</td>
<td>34,315</td>
</tr>
<tr>
<td>1981</td>
<td>19,380</td>
<td>25,180</td>
</tr>
<tr>
<td>1991</td>
<td>11,870</td>
<td>2,370</td>
</tr>
</tbody>
</table>

Note: 1971, 1981 and 1991 data based on 10 per cent samples


The data in Table 2, and specifically the rapid and significant changes of the 1960s, are important for another reason, highlighting two important points: the employment effects of deindustrialization
were willed rather than the ‘accidental’ or ‘natural’ consequence of domestic, regional and international market forces; and within the general framework of structural economic change some industries were growing after 1951, with employment peaking in some consumer goods sectors in Scotland in the 1960s and even the 1970s. There was, it should be emphasized, a direction connection between the growth of employment in capital-intensive assembly and consumer goods in the 1960s and the decline of employment in more labour-intensive heavy industries.

**The moral economy of deindustrialization in post-1945 Scotland**

The key conceptual departure within this analysis is that these changes in employment experiences and structures were mediated by ‘moral economy’ arguments in Scotland. Thompson’s famous ‘moral economy’ related to popular customs and expectations developed over a long time frame, from the sixteenth to the eighteenth centuries [Thompson]. The moral economy of deindustrialization in Scotland rested on a shorter evolution, with roots in the inter-war years, and encouraged by the ‘redistribution of esteem’ from middle to working class that applied generally in post-1945 Britain [McKibbin]. It comprised an assertion by workers of rights to economic security and employment stability, as compensation for the collective and individual hardships of the 1920s and 1930s, and the Second World War. Coalfield deindustrialization in Scotland from the 1950s to the 1990s exemplifies the moral economy framework. Pit closures and job losses were accepted by workers because two moral economy criteria were satisfied: changes were by agreement; and economic security for individuals, households and communities was guaranteed, either through miners transferring from older and smaller to larger, more mechanized and higher productivity pits, or with the provision of alternative industrial employment, which encompassed opportunities for women also [Phillips, 2013].

These changes were deliberately pursued by policy-makers seeking more rapid rates of economic growth: labour and capital resources invested in assembly goods manufacturing – especially in consumer goods, electrical-mechanical and then electronic engineering – would yield higher rates of return than in coal mining. Policy-makers rationalized these changes from the mid-1940s to the 1970s in moral economy terms of their own [Tomlinson, 2011]. Reciprocity arguments were commonly deployed: the famous White Paper of 1944, *Employment Policy*, offered the prospect of high levels of employment, but only where workers were willing to move between firms, jobs and sectors [*Employment Policy*]. This might be seen in contractual terms, as an economic exchange [Middlemas], and reciprocity arguments were frequently articulated thereafter, notably by
the 1964-70 Labour governments, which presented the shrinkage of heavy industry as an important way of diverting human and investment resources to higher growth assembly manufacturing [National Plan]. The Labour government was restating the importance of higher growth economic activity and employment, given earlier impetus by debates about relative decline in the 1950s [Tiratsoo and Tomlinson, 1998], coalescing in Scotland around the concern that its slower than average UK rate of growth necessitated a shift of resources from heavy to lighter industries [Toothill, 1961]. Regional policy was the main mechanism applied by Conservative and Labour governments from the 1950s to the 1970s, with incentives to manufacturers, including US multinationals, to locate in areas of lower economic growth and higher unemployment [Scott].

There was a distinct workers’ moral economy framework for understanding and rationalizing this process, with economic assets depicted as social resources, and the move from ‘old’ to ‘new’ accepted not because it offered enhanced commercial profitability but greater social sustainability. The coalfield case is again apposite, with miners broadly supportive of the goals of a diversified industrial base, with opportunities for women as well as men, and mechanized coal production that offered greater scope for technical and scientific labour, but only where this adjustment evidently strengthened communal economic security and was secured through careful negotiation. The willingness of workers to trade coal jobs for the promise of new opportunities in other industrial sectors is important. It signalled the raising of collective future expectations of rewarding and sustainable employment that policy-makers and inward investors were subsequently unable or unwilling to fulfil. There was a ‘culture clash’ between Scottish workers and US employers, as the latter offered largely although not exclusively semi-skilled or unskilled assembly work [Firn], which offended the Scottish tradition of skilled and craft labour, particularly in engineering trades, and with an anti-union employment strategy that further transgressed local custom [McKinlay and Knox, 1999]. Moral economy expectations, frustrated by these structural features of employment in the consumer goods factories, were then grossly offended by the ultimately limited commitment of US employers, and the ‘retreat’ of multinational firms from Scotland, which commenced in the 1970s and accelerated in the 1980s [Hood and Young].

The case of coal is important for one other reason: Table 3 demonstrates that deindustrialization was a phased process.
### Table 3: Phases of Deindustrialization in Scottish Coalfields, 1958-1987

<table>
<thead>
<tr>
<th>Phase</th>
<th>Employment</th>
<th>Output (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring, 1958-67</td>
<td>81,000 to 32,000</td>
<td>19 million to 13.5 million</td>
</tr>
<tr>
<td></td>
<td>6.04% average drop p.a.</td>
<td>2.89% average drop p.a.</td>
</tr>
<tr>
<td>Stabilization, 1968 to 1977</td>
<td>29,000 to 21,000</td>
<td>12.5 million to 10.5 million</td>
</tr>
<tr>
<td></td>
<td>2.76% average drop p.a.</td>
<td>1.6% average drop p.a.</td>
</tr>
<tr>
<td>Accelerated contraction, 1978</td>
<td>21,000 to 6,000</td>
<td>8 million to 2.5 million</td>
</tr>
<tr>
<td>to 1987</td>
<td>7.14% average drop p.a.</td>
<td>6.87% average drop p.a.</td>
</tr>
</tbody>
</table>

Source: Miles K. Oglethorpe, *Scottish Collieries. An Inventory of the Scottish Coal Industry in the Nationalised Era* (Edinburgh, 2006), 20, Figs. 3.8 and 3.9.

Small remnants of deep coal mining survived the third phase of deindustrialization, but only until 2002. The moral economy framework was developed in the restructuring phase, and shaped the period of stabilization, as the growth of industrial alternatives significantly slowed, but in the 1980s was rejected by policy-makers and coal industry management. The 1984-5 strike was at least in part an unsuccessful defence of the coalfield moral economy, and deindustrialization accelerated rapidly thereafter [Phillips 2012]. Coal was one of many industrial sectors heavily punished by the post-1979 Conservative governments’ economic regime of tight monetary policy, high interest rates, and public sector disinvestment [Peden]. The unemployment dimensions of deindustrialization in this third phase were, however, partly obscured by the official and highly politicized statistical measures of joblessness. The UK government until 1997 counted as unemployed only those who were claiming unemployment benefits, and by this reckoning unemployment generally declined from an early peak in 1981-2. This phenomenon, deindustrialization and the ‘hidden unemployed’, has been analysed by Beatty and Fothergill, exploring the co-existence of massive coal industry job losses with stable or even falling levels of unemployment in the English, Welsh and Scottish coalfields in the 1980s and 1990s. The key to this conundrum was that many ex-industrial workers, including coal miners, were incentivized to withdraw from economic activity altogether by the structures and operation of the social security system, and were ‘hidden’ from the official measure of unemployment as a result. Those who registered as disabled, or ‘permanently sick’, and were therefore nominally unable to work, received a better range of benefits than those officially registered as unemployed: benefits were set at slightly higher levels, and, perhaps more importantly, were not means-tested. Ex-industrial workers with modest occupational pensions, like former miners, could access this income alongside their sickness benefits, and the earnings of their spouses – from work, pensions or other sources – would also be unaffected. This is an important qualifier to the argument, often articulated by labour officials, advocates and sympathizers, that UK policy-makers ‘abandoned’ ex-industrial communities: jobs and ambitions were not preserved, but basic subsistence was provided, with
social security benefits funded chiefly in the 1980s through North Sea Oil revenues [Nichols]. Many of these ‘permanently sick’ individuals were neither physically incapable of work, nor seeking to evade it, and were unemployed in all but official name. The basic and fundamental problem was the disappearance of meaningful economic opportunities from the coalfields. Among men of working age, 16-64 years old, the official measure of unemployment in the coalfields of England, Wales and Scotland in 1991 was 10.6 per cent: the ‘real’ level was 14.9 per cent. In the largest coalfield territory of Scotland, Fife and Central, unemployment among these men was officially 13.5 per cent, and ‘really’ 21.2 per cent [Beatty and Fothergill; Beatty, Fothergill and Gore].

**Broader implications of the moral economy framework**

The political economy of the broader process of deindustrialization in Scotland is summarized in Table 4, establishing the proposition that there were distinct phases of development and associated government policy.

**Table 4: The Phases of Scottish Industrial Development, c. 1945-2001**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Economic Context</th>
<th>Policy Aim</th>
<th>Alternatives for redundant industrial workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery, 1945-55</td>
<td>Re-establishment international trade</td>
<td>Growths of exports and social protection</td>
<td>Minimal job loss</td>
</tr>
<tr>
<td>Growth, 1956-67</td>
<td>Regional policy and inward investment (US firms)</td>
<td>Economic growth and higher living standards</td>
<td>Engineering; electronics; female employment</td>
</tr>
<tr>
<td>Stabilization, 1968-80</td>
<td>Economic slowdown</td>
<td>Economic stability</td>
<td>Public sector; other manufacturing</td>
</tr>
<tr>
<td>Contraction, 1980-2001</td>
<td>Politicized Restructuring</td>
<td>Social stability; community survival</td>
<td>Unemployment; ‘permanently sick’</td>
</tr>
</tbody>
</table>

This phased process, mediated by moral economy arguments, appears to have applied generally across ‘traditional’ or ‘indigenous’ sectors, and not just in coal. In shipbuilding deindustrialization was also carefully managed until the 1980s. In the 1960s policy-makers were relatively unconcerned about employment loss in shipbuilding, because displaced employees were able to find work in other productive sectors, consistent with the objective of faster growth through expanding consumer goods manufacturing. Shipyard jobs were disappearing on the Clyde, but Ministry of Labour officials were confident about the region’s industrial future, tracking the emergence of alternatives, notably the expansion from 1963 of a new car plant at Linwood near Paisley, within
daily travelling distance of the Glasgow waterfront.\textsuperscript{1} It was when alternatives began to stagnate in the 1970s that policy shifted, with explicit emphasis on subsidy to guarantee production and therefore maintain employment, culminating in the nationalization of shipbuilding in 1977. The industry was privatized by the UK government in 1984. The two major surviving employers in Scotland, Scott Lithgow’s on the Lower Clyde and Govan on the Upper Clyde, were sold: the former to Trafalgar House in 1984, and the latter to Kvaerner in 1988, with major redundancies despite state ‘sweeteners’ to the purchasers [Johnman and Murphy]. The phased nature of policy and industrial development can be illustrated in another way, by considering two UK government interventions, one from the growth phase of deindustrialization and the other from the stabilization phase: at Fairfield on the Upper Clyde in Glasgow in 1965-66, and at the Upper Clyde Shipbuilders (UCS) combine, formed in 1968 and including the Fairfield yard, in 1972. While detailed research has yet to be undertaken, it seems clear that in each case job preservation was a core aim, although there was a crucial qualitative difference. In the relatively optimistic economic environment of the 1960s government financial support for Fairfields was clearly defined, predicated on substantial changes to production methods and business organization, with managerial staff introduced from other sectors, and an emphasis on work study and industrial partnership [Johnston and Johnman]. Captured in \textit{The Bowler and The Bunnet}, the 1967 film written by Clifford Hanley and directed and narrated by Sean Connery, the ‘Fairfield Experiment’ was cut short when the yard was drawn into the UCS grouping, and draws criticism in the literature, on the basis that business ‘outsiders’ lacked the expertise to succeed in shipbuilding, and that ‘partnership’ was in any case a hopeless ambition in the low trust atmosphere of the yard [Broadway; McGill]. Government subsidy and support was nevertheless apparently geared to the ‘modernization’ of the industry, in response to concerns that shipbuilding’s competitive edge in Scotland could be sharpened with closer attention to cost controls, customer needs and workforce involvement. In this respect it was distinct from the rescue of UCS in 1972, following its initial liquidation in 1971, and the famous ‘work-in’ that followed, which eventually compelled the UK government to re-float the enterprise with substantial public investment [Phillips, 2008]. The crucial factor, to reiterate, was the rapid escalation of unemployment in the later 1960s and early 1970s: there were limited realistic employment alternatives for the 7,000 UCS workers, and public policy until the 1980s was geared to providing social stability in shipyard communities as much as reconstructing the business of building ships.

There is a \textit{prime facie} case, to be examined in further detailed research, that the phased and moral economy-infused process of deindustrialization was also evident in the consumer goods

\textsuperscript{1} National Archives of Scotland (NAS), SEP 10/312, Ministry of Labour, monthly reports on employment position in Scotland, January 1963 to December 1964.
industries, especially those developed in the context of inward investment and regional policy after 1945. US and Canadian literature offers valuable insight here, illuminating the longer-run and willed nature of deindustrialization [Bluestone and Harrison; Cowie and Heathcott; High], with a series of ‘capital moves’, as firms relocated across regions and nations, with disinvestment in some areas and sectors and investment in others. US workforces responded to local investment in complex ways, moving from ‘gratitude’ to ‘possession’ of their jobs, intensifying resistance to subsequent disinvestment and closure [Cowie, 1999]. This potentially enriches understanding of the growth in employment in consumer goods manufacturing in the 1960s, willed by policy-makers to yield higher rates of aggregate economic growth. US firms received substantial incentives from the UK government to locate in central Scotland as well as in northern England and southern Wales, along with Northern Ireland. Such incentives increased ‘sixteen-fold in real terms’ from 1962-3 to 1969-70 [Scott]. Subsequent contraction of consumer goods manufacturing from the 1970s to the 1990s, and workforce responses, can also be understood within the moral economy framework. At the time these were explained in terms of political struggle and resistance [Woolfson and Foster, Findlay], although the social and community effects [McNulty] and the importance of accumulated business and policy decisions were emphasized also [Lockyer and Baddon].

Preliminary consideration of two cases, Burroughs Machines Ltd., the US computer manufacturer which operated in the New Town of Cumbernauld, and Timex, manufacturer of mechanical watches and then a variety of electronic goods in Dundee, is suggestive of workforce moral economy responses to employment changes and job losses, although detailed investigation is still pending. Burroughs dominated Cumbernauld’s industrial development, employing 3,000 of the town’s 4,500 manufacturing jobs in 1968, and resembles the archetypal ‘branch plant’, with local decisions reliant on support from the company’s multinational headquarters in Detroit. Employment contracted thereafter, with a transition from electro-mechanical to electronic engineering, to 1,800 by 1978, although one-third of employees were in research and development, qualifying the ‘branch plant’ concept of a ‘screwdriver’ jobs only work environment [Firn; Dimitratos et al]. As employment continued to contract, to 800 in 1981, worker representatives challenged the firm in moral economy terms, observing that the New Town had been built around Burroughs, which had a heavy consequent obligation to stabilize or expand its local operations. Such response reinforces the point made earlier, that workers’ expectations had been raised by the promise of well-paid and stable jobs in the 1960s, which were transgressed by the disappointing experiences that materialized with cost-controlling and footloose employers in the 1970s and 1980s. Burroughs finished operating in Cumbernauld around 1982. In Dundee moral economy arguments also seem to have shaped workforce and community understanding of Timex’s local investment, disinvestment and withdrawal
Employment peaked in 1974 at 6,000 across three sites, with a gendered division of labour, skilled male engineers producing mechanical watch parts for assembly by a mainly female semi-skilled workforce [Knox and McKinlay, 2011]. Management — in dialogue with UK government, seeking and obtaining regional assistance — moved out of mechanical engineering into electronics in 1982-3, with major loss of skilled engineering employment and operations concentrated in a single site until final closure and exit in 1993. The two crises, 1982-3 and 1993, each further signalled the dissonance between moral economy workforce expectations and material experience.

**Conclusion**

This paper has utilized longer historical perspective and evidence from the coalfields, shipbuilding, and selected consumer goods firms, to rethink the process and character of deindustrialization in post-1945 Scotland, focusing on employment dimensions. The key innovation, in conceptual terms, is that deindustrialization in Scotland was mediated by moral economy arguments, with workers expecting stable employment, economic security and consultation rights. These were articulated in parallel with, and sometimes in opposition to, the goals of policy-makers, which were also shaped by moral considerations, along with economic priorities. The process was phased, and highly politicized, with longer and more complex roots than is commonly argued in the literature, although deindustrialization accelerated in the 1980s and 1990s, when the proportionate impact of job losses also increased.

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