

THE Communist

An Organ of the Third (Communist) International

(PUBLISHED BY THE EXECUTIVE COMMITTEE OF THE COMMUNIST PARTY OF GREAT BRITAIN)

No. 85

SATURDAY, MARCH 18th, 1922.

[Registered at the G.P.O.
as a Newspaper]

TWOPENCE

THE FIGHT IS ON

The Tsars of Shipbuilding and Engineering—The Iron Hand on the Clyde and the Tyne

By J. T. WALTON NEWBOLD

THE fight is on. No cringing by the leaders, no concessions by the men, have placated the engineering and shipbuilding bosses. They have chosen their time and they mean to fight. The victory of the coalowners has left them envious. They too are out to smash the Union by a lock-out, to defeat it, to grind it to powder. The fine words of the past years, the talk of industrial peace and fair understanding have all ceased. Now that they are

ready, they mean WAR—war till they have crushed and broken the engineering and shipbuilding workers into helpless, abject slaves.

Who are these Tsars? By what right and what power can they hold up a vast industry of this country until they have vented their own spite and arrogance? This we tell you now—you may read below the names and deeds of your uncrowned kings.

THE shipyard workers are faced with an immediate and a deferred cut in their wages totalling, in all, 26/6. The engineers are being robbed of such meagre control of their conditions of employment as they have been able slowly and laboriously to acquire.

The Doom of Workers' Control

The masters are going to tolerate no further the workers' pretensions to interfere with their enjoyment and free use of their property. The engineer is to sell his labour-power for just as many hours as the "boss" requires it, free of all checks upon its (to the "boss") most economical use. This is, indeed, carrying to its logical extremity the principle of "free labour." The "bosses" are giving the engineers practical evidence of the worth of the teachings of the Labour College classes. They are going to educate them in the reality of their commodity status. They are going "to learn them" that since they have hired themselves out for wages, they are as much a part of "the plant" as the machines they are required to operate.

The employers are intent on making an end once and for all of this notion of "workers' control."

During the war (the capitalists and the capitalist state being dependent on the engineers for guns and shells to defend their property, and their power), they were forced to pay lip service to the aspirations of the workers for "a share in management." They had, in view of what had happened on the Clyde in 1915-16 and what had been advocated in Sheffield and other armament centres (by Murphy and others of the Shop Steward Movement), to flatter the idea of "shop delegates" and "works committees." When, in 1917, the Bolsheviks succeeded in overthrowing an empire and erecting a revolutionary workers' republic on the initial framework of "workers' councils," the employers felt it more than ever necessary to experiment and to recommend through the State a bowdlerised version of the same councils. Mr. Whitley, since rewarded for his services to the impartial State and the security of the capitalist system, with the office of Speaker of the House of Commons, was selected to preside over the committee which gave birth to the Industrial Councils.

How fitting that the amiable gentleman from Halifax who emasculated so dangerous a political innovation as a "Workers' Council" and made it a "Joint Industrial Council" should, with the approbation of all parties, be elevated to the presidency of that organ of bourgeois democracy, His Majesty's Faithful Commons!

Industrial Councils, Welfare Schemes, Works Committees—all the panaceas that the faithful Seebohm Rowntree had ready to father on the some-time "white hope" of social pacifism and industrial harmony, Lloyd George, were adopted by the more enlightened circles of the employing class as a temporary expedient to hoodwink the masses and to hold in effective check the propaganda of the industrial unionists.

When, first, the miners, and, later, the dockers, and, finally, the tramway workers, were pressing forward their several demands for nationalisation, for higher wages, for maintenance, for safeguarding of wage rates, the Government trotted out their special committees of enquiry.

The first was held in the King's Robing Room of the Lords, the second in the Courts of Justice. Everything was done to convey

GET THE LOCK-OUT COUNCILS IN ACTION

the semblance of recognition, of respect, and of judicial impartiality and earnest inquiry after grievances and their reasonable amelioration. The "bosses," and their lawyers, blandly smiling upon the witnesses for the unions, listened with sympathy to "the human appeal" of the workers. The hypocritical farce was staged so well that one and all, we almost felt it was real. The "bosses" can be so gentlemanly when they are playing for delay!

To-day, however, when the workers are pleading for delay, there are no committees to investigate, to enquire and to placate. The "bosses" are forcing the pace—relentlessly, ruthlessly, with merciless violence of threatened hunger and distress. They know whether or not there is a class war—and how to wage one!

The Bosses in a Mess

The engineering and shipbuilding employers have, all along, laid stress on the need for increasing "output." They have placarded the boardings with the exhortations of Brownlie and his kidney. They have echoed the sayings of Snowden. They have written articles and pamphlets and delivered lectures, always ending up with a plea for "increased production." Whilst the Revolution continued an immediate menace to capitalism, the "bosses" knew better than to do more than preach.

In the autumn of 1920, however, when the Bolsheviks were in retreat, the economic

crisis developed and was, I believe, deliberately aggravated by the international banking syndicates. Unemployment in consequence, has for a year and a quarter, drained the funds and sapped the morale of the unions. Now, has come the moment to sound the advance and, along the whole line, to launch an assault on the wavering, shattered ranks of the skilled workers.

The engineering and, still more, the shipbuilding employers, are in a serious plight. The crisis which they have precipitated upon labour has been precipitated upon them. The shipbuilding industry has been struck a deadly blow or, rather, a series of deadly blows under which the owners are reeling, some of them, to the brink of ruin. They have suffered heavily by reason of the selling-off of the German ships handed over by way of Reparations and sold at prices scaling down to £6 and even £3 a ton, whilst cost of construction of new ships remained as high as £25 a ton or more.

They have been heavily hit by the falling off, almost entirely, of new orders, and the cancelling or suspension of contracts in hand by shipowners—themselves hit by the catastrophic slump in freights and in the small volume of trade carried at these terribly reduced charges.

They have, further, been at the mercy of the banks, to whom they had gone when trade was good to borrow money to finance extensions and to pay current expenses. Many of them, like the late lamented City Equitable Fire Insurance Company and Ellis and Co., have "frozen assets,"—investments which they can only "realise" (i.e., sell for ready money) at ruinous prices.

Many of them have "capitalised their reserves," i.e., have distributed undivided profits as free gifts in the form of new shares to existing holders, and cannot pay dividends or only small dividends on the "watered" capital. So, too, much of the capital invested in War Loan was fictitious and conjured up by the banks on nothing more substantial than the assumption that the workers would listen to Thomas and Hodge and, listening, gambol through "The Gate to More."

Somehow or other, the shipbuilding companies must manage, with falling aggregate earnings, to maintain a decent rate of dividend on a share capital that has been enormously inflated. This can only be done at the expense of the workers. The latter must "produce more" and "get less."

To the ordinary man, it is a mystery how the war profiteers have got into their present plight. It is not easy to see the material

The Fight is On

facts behind the financial figures. Let us try, however, to do so.

During the submarine campaign, the Government, through the Ministry of Shipping and other departments, arranged with the shipbuilders for enormous extensions of yards, some of them new and some merely made bigger and provided with labour-saving machinery.

Directly or indirectly, the Government provided the money, paid for the new yards and new "plant" and, in fact, handed these over to the capitalists. The latter proceeded to "write up" their existing capital to equal the "appreciation" of their assets by this act of generosity and gratitude. They distributed millions of pounds in bonus shares. The capitalists had the yards and tools, they had wonderful new and economically perfected means of production. Hopeful of continued prosperity, the companies spent their profits in still further improvements or invested them in other and distant means of production.

To-day, they have enormous arrays of means of production that have become "socially unnecessary." They will produce only things that no one—but Russia—wants to buy. They have ceased, temporarily, to be capital. They have become "frozen assets."

The shipbuilders are setting not on a pile of gold but on miles and miles of gantries, cranes, marine engine shops, cancelled hulls, idle plate mills, silent steel works, which they cannot cash. These values are becoming "scrap" values.

The capitalists who cannot cash their values are at the mercy of those capitalists who can. The capitalists with most of their values kept "liquid," i.e., at the bank, on short loan, in Treasury bills, etc., are becoming mortgage holders and are foreclosing (or will do) on the proud war profiteers who elevated George to power and with whose liquidation he is tottering on the throne.

Capitalism off its Balance

Some of us believe that Capitalism cannot stabilise itself. We know that during the War, in the heavy industries, demand raced ahead of supply, with the result that inordinately large volumes of capital—the capital of the whole capitalist class—were drawn and hurled into the extension of the means of production for a demand that was urgent (and all waste) and that could not last. Capitalism is suffering from an excess of unwanted means of production. The heavy industries were parasitic in the extravagance of their expansion. Naval rivalry attracted, during thirty years, huge capital to embody itself in fixed shipyard and armament "plant"—at Clydebank, Fairfield, Parkhead, Elswick, Wallsend, Jarrow, Barrow, Birkenhead, Openshaw, Sheffield and Coventry—and, at second hand in engineering and steel industries auxiliary to the shipyards and gun-shops. During the War, this attraction of capital was immeasurably increased.

It should never be forgotten that once the capitalist has obtained his profits, he has to invest the greater part of them anew in further means of production (or of extortion, such as the War Loan!), all of which will prove valueless unless the workers are willing to "produce more" than they themselves obtain in wages.

The capitalists have made enormous fortunes during recent years. Their investments have very greatly increased. But unless the workers will consent or can be compelled to produce a larger surplus than previously, their fortunes will prove non-existent and their investments valueless.

According to *Lloyd's Register, Annual Shipbuilding Summary* for 1921, the total addition to the world's merchant shipping by new construction in the four years, 1918-1921, amounted to the huge figure of almost 23,000,000 tons. Last year's output for the world was about 1½ million tons less than 1920, but more than a million tons "greater than the pre-war record of 1913."

The *Compendium* tells us that America, France, Germany, Holland, Italy and Japan, "as well as our own Dominions in Canada and Australia, have all increased building facilities of which they are striving to make the most use and will utilise certainly in the

future to supply their own requirements, perhaps to the disadvantage of British shipbuilding."

The same authority informs us (5/2/22) that "round about 10,000,000 tons of carrying power are laid up for want of employment" in the ports of the world.

Last year, in "a year of phenomenal depression," British shipowners took over "nearly a million tons of new tonnage and, in addition, over a million tons of ex-enemy shipping."

These facts and figures, supplemented by the statement of the *Manchester Guardian Commercial Annual Survey* for 1921 that "post-war activity in ship construction has left the world with a surplus over 1914 total of some 11,000,000 tons of effective shipping"; its further statement that the estimated earnings of the British mercantile marine have fallen from £340,000,000 for 1920 to £60,000,000 to £70,000,000 for 1921, and the declaration by the chairman of Swan, Hunter, and Wigham Richardson, Ltd., some months ago, that 90 per cent. of the shipyards were working on their last orders, will show how little likelihood there is of even a cut so drastic as the one proposed in shipyard workers' wages resulting in economies that will lead to a revival in ship construction.

Not more than half-a-dozen ships have been ordered in the last four months from all the shipyards of the British Isles. For the first time in over a century there is not a single warship of any description on any shipway in this country. There may be a few contracts placed for passenger liners but that is all.

What the employers hope to gain will be:—

- (i.) A greater profit on those ships which they have at present on hand

OVERTIME?—NOT AN HOUR TILL EVERYBODY'S WORKING: THE BOSS INCLUDED

and some which they are completing at prices reduced by agreement with the owners.

- (ii.) A temporary increase in the price of shipbuilding shares, enabling them to dispose of their holdings to others less well informed, who will give cash for plant that is becoming valueless, or something for next to nothing; and
- (iii.) A greater profit on ship repairs or, at any rate, cheaper repairs for the shipowners who so largely own the shipyards and repair works.

Ships, Shipbuilding and Steel

What makes the situation in the shipping and shipbuilding industries so serious is that these no longer stand alone, but have been locked together. Not only that. They have become combined with the steel manufacturing concerns and, through them, in turn with the blast furnace industry and with many of the colliery companies.

When, in 1907, the Board of Trade (under Lloyd George) raised the load-line and thus placed the shipowners in possession of tens of thousands more tons of carrying capacity—and the Liberal Government reduced the naval shipbuilding programme for two or three years, so that, on the Clyde alone, the tonnage of all ships launched fell from 619,919, in 1907 to 355,586 in 1908, 403,187 in 1909, and 392,392 in 1910—it enabled the shipowners to make more money and the shipbuilders less. This helped the former to secure control of the latter.

To-day, the great shipbuilding companies are owned either by armament firms or by shipowners. During (and since) the war, the shipbuilding companies made a point of buying up shares in steel manufacturing companies, so as to secure control of the supply of ship and boiler plates and other kinds of ship steel. Many of these iron and steel masters had already bought up the shares of the collieries from which they obtained their coal and coke.

Take a few illustrations. The great shipbuilding firm of *Harland & Wolff, Ltd.*, has building yards at Belfast, Greenock and Govan, with control of yards at Anderston, Partick, and Dumbarton, in addition to repair yards at Liverpool, Southampton, and the Thames. It is probably the most powerful shipbuilding firm in the world. *Complete control of this company is in the hands of Lord Pirrie and Sir Owen Philipps*, who are, again, in control of numerous great shipping companies.

The owners of the *Royal Mail*, the *Union Castle*, the *Elder Dempster*, the *Coast Lines*, *Lampart & Holt*, the *Shire*, *King*, and *Nelson* lines are owners of Harland & Wolff, which has a working agreement with the *International Mercantile Marine Company* to build all its ships on this side of the Atlantic, and builds and repairs for the *White Star*, *Dominion*, *Red Star*, and *Holland America* lines.

Harland & Wolff is a "tied house." It, in turn, owns a majority of the shares in *David Colville & Sons, Ltd.*, steel masters, of Motherwell, Clydebridge and Glenarnock, the largest steel makers in Scotland. Several of the Colville family are large shareholders in Harland & Wolff, whilst the Colville firm owns *Archibald Russell, Ltd.*, one of the biggest colliery companies in Scotland.

John Brown & Co., Ltd., are inter-locked with Harland & Wolff. They have big steel works in Yorkshire, have an interest in David Colville's, Firths of Sheffield, and other concerns. The second largest shareholder is Sir J. R. Ellerman, who has complete control of the *Ellerman Lines*, the *City and Hall Lines*.

Sir J. R. Ellerman has, also, large shareholdings in *Swan Hunter & Wigham Richardson, Ltd.*, who have three shipyards on the Tyne, two on the Clyde, one on the Wear, and one at Derry. He is very heavily interested in *Palmer's Shipbuilding & Iron Co., Ltd.*, at Jarrow, and controls *Wm. Gray & Sons (1918), Ltd.*, with yards at West Hartlepool, on the Tees and on the Wear.

Furnesses (of *Furness, Withy & Co., Ltd.*), have what is reputed to be the most extensive shipyard in the country, on the Tees, opposite Middlesbrough, and have great blast furnaces, steel works and coke ovens and collieries owned by the *Cargo Fleet Iron Co., South Durham Steel, Coal & Iron Co., Ltd.* (the largest makers of ship plates), the *Weardale Coal and Iron Co., Ltd.*, and other companies in Northumberland, Durham and Cleveland. They own *Richardson Westgarth & Co., Ltd.*, amongst the largest marine engineers, at Middlesbrough, Sunderland, and West Hartlepool.

In the same group of interests—the shares are now held by Sperling & Co., and Kleinwort Sons & Co., or their nominees, or by the London County, Westminster & Parrs Bank, Ltd.—are the *Northumberland Shipbuilding Co., Ltd.*, with a yard opposite Jarrow, and owning *Wm. Doxfords*, of Sunderland, the *Monmouth Shipbuilding Co.*, of Chepstow, and *Workman, Clark & Co.*, of Belfast. The latter owns the *Fairfield Shipbuilding Co.*, at Govan, the *Lanarkshire Steel Co.*, and, indirectly, *John Watson, Ltd.*, coalowners, of Motherwell.

Armstrong, Whitworth & Co., Ltd., shipbuilders, own steel works at Elswick, Openshaw, Partington, and structural steel works in Glasgow.

Vickers Ltd., have steel works in Sheffield, have a big interest in *Beardmore's* (with steel works at Parkhead, Bellshill, and Motherwell), and in the bridge building company of Sir Wm. Arrol & Co., Ltd.

The shipowners own the shipyard's. The shipyard companies own the steel works, the structural steel and machine-tool works. The steelworks own the blast-furnaces and collieries.

When the German ships had to be auctioned off to the shipowners, the Government appointed Lord Inchcape, the chairman of the company with the biggest fleet, to act as auctioneer. Then, of course, they put him on the Geddes Committee. (The Geddes Committee, by the way, consisted of three railway magnates and two shipowners).

That Committee reflected, pretty accurately, the real government of this country, the real balance of economic power. All five were transport magnates—three were railway and two ship-owning representatives. Geddes has, also, a brother who

is a director, with Inchcape of the *Orient Line*.

Here and now is not the occasion to enquire into the ownership of the shipping companies. That is another story. Suffice it to say that it reflects equally accurately the phase of capitalist development at which we have arrived. Enough shall it be to say that the entire propertied class is on view.

These disclosures should explain the reason why the shipbuilders and steel masters have not protested more loudly against the flooding of the market with Germany's ships. What they have lost as builders and platemakers they have more than gained as shipowners. More than that, their Government insisted that the German Government should compensate the German shipowners—the shares in the German lines are held all over the world—and then lent the German authorities the money to pay for the compensation. These shipping sharks never miss anything.

The Catastrophe on the Clyde

Last year, whilst the British shipowners were absorbing over 1,000,000 tons of German shipping, the Clyde launches totalled only 511,185 tons. Last year, in Motherwell, Glengarnock, Clydebridge, Newton, Bellshill, Parkhead, steel works were standing gaunt and, for the most part, idle. So they are, to a great extent, to-day. So they will continue.

The locomotive bridge, and other heavy engineering works are, on the Clyde, in a similar disastrous condition.

Things are not much better in Sheffield and on the Tees—although there, they are profiting by temporary demand from the Continent, now loaded up with as much as it can hope, under existing conditions, to deliver.

Openshaw and Partington are silent as the grave.

Armstrong's have some sixteen ships on hand, but most of the steel is in them or lying near by. The shipyards do not want steel.

The price of ship plates on the North East Coast has fallen from £24.10 in September, 1920, to £10.10 to-day. Boiler plates have fallen at Glasgow from £31.10 a ton in January, 1920 to £14 a ton in December, and sections from £24.10 to £10.10.

The production of steel in this country fell from 9,056,000 tons in 1920 to 3,624,800 in 1921.

These figures show the devastating ruin that has swept over the industry and which, outside of South Wales and Middlesbrough, shows no sign of passing.

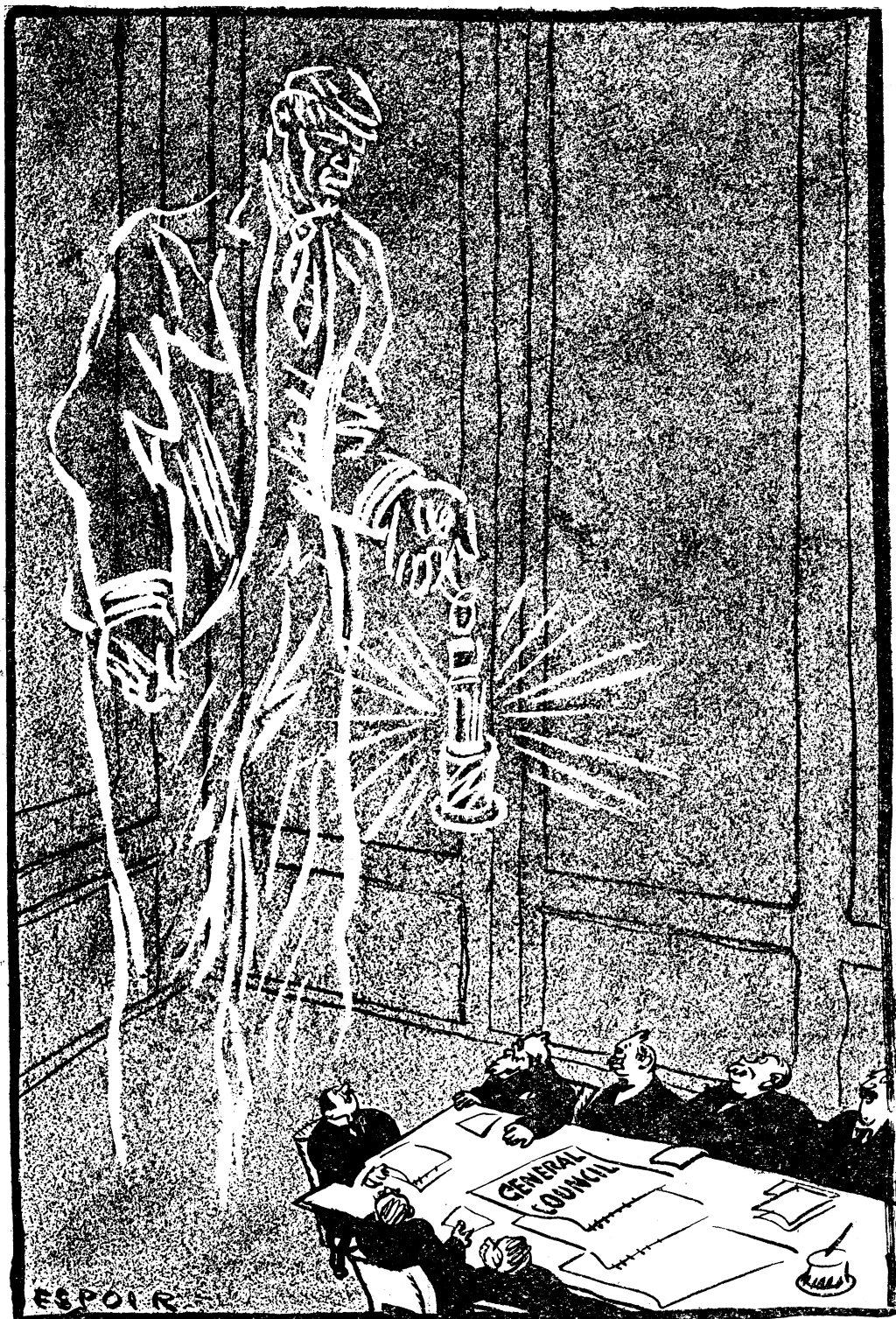
Scotland is the most grievously hit, because not only is she (according to the chairman of David Colville & Sons, Ltd.) the largest producer of steel of any district in the British Isles, but she has specialised in "the trade for high-class steamers, steel, such as is required for boiler-making, shipbuilding, bridge building and general engineering purposes." Also, he might have added, that many of the works are badly situated, lacking in water transport facilities, in every instance, often incapable of economical extension, and are the result of haphazard, individualistic and competitive expansion, under hot-house conditions of economic demand.

Motherwell—the metropolis of steel in the North—is, as has been known to me for years, doomed either to extinction or to desperate wage cuts.

The whole Clyde area has flourished on armaments, on the engineering requirements of the Empire and other areas now looking to a world-wide extension of industry for alternative and competitive supply. It has prospered because of the enormous demands made upon it by an unchallenged mercantile marine for ships, ships, and always more ships. It has been the incomparable home of the ocean greyhound and the cruiser. It has been the spoiled darling of capitalist imperialism upon the seas of the world. Now, in a period of disarmament for Britain, in a period of unparalleled commercial chaos and depression, the Clyde finds itself with its capital in forms that it cannot profitably utilise.

Shift Capitalism! Set Up Communism!

The Tyne is little better off. Barrow is thrown almost entirely off its balance. Belfast is in the throes of depression.



A MESSAGE TO THE GENERAL COUNCIL

THE LOCKED-OUT MINER: "Don't leave the Engineers to fight alone. Remember what happened to me when I was deserted."

There is no hope for the shipyard workers within Capitalism of anything but progressive speeding-up, of repeated reductions of wages and deprivation of hard-won standards of employment as an occasional and uncertain alternative to short time and to chronic unemployment.

The engineers may expect if they will agree to accept work under whatever conditions the employers are ready to concede—if they will agree to the owner of the machine taking half of their wages because, according to the President of the Shipbuilding Employers' Federation, half the work is now done by mechanical means—if they will accept unemployment for others and overtime for themselves—if they will hand themselves over body and soul to the "bosses"—then there is a chance that, with large reserves of navy labour and the import of cheap German electrical "plant," there may be a wholesale overhauling of the railways and other transport services. This will find work for all kinds of workers in the heavy industries under servile conditions for a limited period and then, further stagnation.

Capitalism in Britain has passed its zenith. In the heavy industries it faces the undercutting of capitalism in Germany. Soon, it will be faced by that of India and China.

The capitalism of Central Europe and the East will be largely identical with the capitalism of Britain; but the wage-workers of the latter will only be employed in so far as they will produce more surplus-value than the former. The workers of Britain are beginning to pay in full the price of Empire. They have fought to bring hundreds of millions of rice-eating wage-slaves under "the freedom of labour," which everywhere flourishes under the folds of the Union Jack.

With Colonel Lithgow we agree that "it cannot be too strongly emphasised that any semblance of prosperity in British shipbuilding is wholly dependent upon international factors."

The "international factors" for him are the low paid workers whom his class of exploiters can pit against the workers of the Clyde. The "international factors" for the workers are the masses organised in the Red International of Labour Unions in the Communist International—the revolutionary parties and governments—the Dictatorship of the Proletariat and the ever newly recruited, ever more dreaded and ever advancing Red Armies.