

Centre for Lifelong Learning

Commented [KT1]:

Assessment Cover Sheet for Anonymous Marking

Module title: 15/16 RS T2 - The Declining Profitability of the Railways

Module code: CED00008M

Module level: M

Tutor: David Turner

Tutor's comments:*General Comments*

This is a good choice of subject, a good assignment and all the points made are relevant and interesting. The scope of the reading is to be commended, the structure, referencing and writing are all good. The work could have benefited from one or two points being developed further, and it would have been nice to have a bit more broader historical context in places, however it is appreciated that the amount fitted in is excellent. Overall, a good piece.

Unfortunately, effusive footnotes do count towards the word count, references do not, and as such 10 marks have been deducted for being over 20 per cent above the 1,200 word limit.

Actions to improve

- Make sure you keep within the word count.
- Develop all points fully.

2nd Marker's comments:

A good account of a remarkable managerial career that included one of the most important disputes in British labour history. It is particularly interesting that even the Conservative newspapers criticised Beasley's handing of the dispute.. A wide scope of supporting reading has also been done. It's a shame that 10 points have to be deducted.

Signature: D A Turner (1 st marker)	Mark/Grade: 62	Date: 21/03/2016
Signature: K D Tennent (2 nd marker)	Mark/Grade: 62	Date: 22/04/2016

Biography: Ammon Beasley, who tried to turn back the incoming tide

Ammon Beasley (1837-1924) appears in the more populist accounts of trade union history as if he were a vindictive pantomime villain, who crushes the Taff Vale strikers of 1900 in Act One, but receives his comeuppance in the final Act with the passing of the Trade Disputes Bill of 1906. But although Bagwell's 1963 history of the NUR¹ treats Beasley dispassionately in the main, the picture there of someone going against the growing current of contemporary public opinion does seem apposite. Indeed Beasley was trying to turn back a tide, not only specifically in labour relations but also in the wider context of railway operation and profitability, as this brief study will demonstrate.

Beasley was the son of a shoemaker in the Midlands,² and probably from c1859³ was employed by the Great Western Railway (GWR) at Wolverhampton in the Goods department, under James Grierson, who then took Beasley with him as his assistant when he became chief of the Goods department at Paddington. When Grierson went on to become General Manager of the GWR in 1863, Beasley then replaced Grierson in his former role. It seems that he was consistently well thought of as an effective manager, including as a disciplinarian in keeping with the GWR's paternalist approach to labour relations.⁴

Meanwhile the Taff Vale Railway Company (TVR) experienced in the late 1880s a major decline from its hitherto very prosperous fortunes with the arrival of serious competition from new railways, especially the new Barry Railway at Barry docks from 1889, together with a growing demand from its workforce for better pay and for recognition of union representatives, which came to a head with the eight-day strike of August 1890. Although the Board seemed divided, the strike ended with some concessions made, including *de facto* recognition of the union when the Chairman James Inskip addressed the men with acclamation on the same platform as their ASRS representative Edward Harford.⁵

¹ Philip Bagwell, *The Railwaymen: the History of the National Union of Railwaymen*, (London: Allen & Unwin 1963), 209-224

² David J Jeremy and Geoffrey Tweedale, entry for 'Ammon Beasley, 25 November 1837 - 27 March 1924' in their *Dictionary of Twentieth Century British Business Leaders* (London: Bowker-Saur, 1994)

³ *Great Western Railway Magazine*, Vol XXXVI (1924), 186 - obituary

⁴ Charles Harvey and Jon Press, 'Management and the Taff Vale Strike', *Business History* (Vol. 42, Issue 2, 2000), 71

⁵ Philip Bagwell, *The Railwaymen: the History of the National Union of Railwaymen*, (London: Allen & Unwin 1963), 137-9

Commented [DT2]: Very good but it probably would have been helpful to explain that Beasley was the Taff Vale's General Manager.

Commented [DT3]: This can be put at the end of the sentence.

Commented [DT4]: Excellent paragraph. Perhaps it would have been nice to link the 'disciplinarian' aspect with later events.

Commented [KT5]: Though it remained very profitable according to Leunig?

Commented [DT6]: I think he was more than that.

This episode seems to have triggered the actions that led to a shareholder revolt which removed the existing Board of Directors on 26 May 1891⁶, their Chairman's actions compounding their already-existing dissatisfaction with the falling profits.⁷ It is also notable that the then current long-serving (50 years) Company Secretary / Director, George "King" Fisher had died early that month. The new Board, with Arthur Edward Guest (son of the first Chairman) as the new Chairman, appointed Beasley in October 1891 to the new post of General Manager on a salary of £1,800 per annum. By 1895 he was working to a further new Chairman, Robert Vassall, who strongly supported his approach to the job. Beasley shortly brought with him from the GWR T E Harland as his Outdoor Superintendent (later Superintendent of the Line), but otherwise he adhered to using TVR staff. Early fears that Beasley might be about to use his strong links with the GWR to bring about a merger proved unfounded⁸ – instead he seems to have wanted to practise in his 'own railway' what he had learned with the GWR. Although the overall trend across the multitude of British railway companies was that operational improvements only started to show through from about 1900, there were exceptions such as the NER and LSWR⁹ and it therefore seems that the TVR became another railway company making a concerted effort – well before 1900 or even before the 1894 Railway and Canal Traffic Act – to find a remedy for declining profitability.

Beasley and the new Board adopted a committee structure (which Fisher had rejected and the old Board had not imposed), enabling more effective operational management. Local competition continued to force down rates for carrying coal, but Beasley was able to reverse the previous decline in profits by introducing serious cost reductions, increasing total tonnage carried and also

Commented [DT7]: Excellent observation.

Commented [DT8]: Excellent – he was an LSWR director too and I have always been unsure as to why he was on the TV board.

Commented [DT9]: Perhaps best say here what these were.

Commented [DT10]: If you mention an act, you have to reference its importance.

Commented [DT11]: Good, but you may want to provide some figures.

Commented [DT12]: A description would have been nice, as well as a comparison with structures elsewhere.

⁶ Harvey and Press, 'Management and the Taff Vale Strike', say '1890' in the text, almost certainly in error since the sequence is wrong and their references cite Board Minutes of 26 May 1891

⁷ D C Clark, 'Revolt and Revival in the Valleys: The Influence of Religion and Revivalism on the Politics and Labour Relations of the Taff Vale Railway, South Wales, 1878-1914' (Unpublished PhD Thesis, University of Leeds, October 2012), 49, outlines how the work of the Shareholders' Investigating Committee from 1890 onwards led to this result.

⁸ D C Clark, 'Revolt and Revival in the Valleys', 49-67, for all of this paragraph.

⁹ See Irving re NER, and Turner re LSWR: R J Irving, *The North Eastern Railway Company 1870-1914*. Leicester: Leicester University Press, 1976; David Turner, "Managing the "Royal Road": The London & South Western Railway 1870-1911," (Unpublished PhD Thesis. University of York, 2013)

passenger traffic and thus overall gross receipts¹⁰. Beasley may or may not have considered the option of trying to increase wagon sizes (as the NER did at this time), but given that local competition (in contrast with the NER) this would have been extremely difficult to achieve¹¹. Accordingly labour costs became a critical element in his plans to reduce overall operating expenditure, and he was largely successful by a number of measures.¹² Certainly the shareholders seem to have been satisfied, renewing Beasley's contract with a salary increase in 1895.

Commented [DT13]: It would have been nice to elaborate on this a bit in the text

However, in common with other railway companies, the TVR was fearful that any further growth in labour costs could sabotage their profitability, and so it was important to contain these. Nevertheless their approach was to be not only hardheaded but also paternalist in the quasi-military disciplinarian mindset that was also true of the GWR and others at the time¹³. Whereas Beasley's prime aim was undoubtedly to control costs, he and the Board nevertheless had their own idea of looking after their workforce, paying a competitive scale of wages, encouraging internal promotion, and providing from January 1893 a non-contributory pension for workers who stayed over 20 years. Furthermore TVR honoured the wages and hours agreed after the 1890 strike. It also seems that Beasley was regularly prepared to see individual workers who wanted to make representations to him, though it also seems that such bids did not often succeed.

Commented [DT14]: Good

Commented [DT15]: Do you have a reference for this.

What he was not prepared to countenance was any form whatsoever of intermediary between the workers and the company, and this of course included the ASRS – in this one respect he and the Board firmly revoked the implicit recognition agreement made between Inskip and Harford in August 1890.

Commented [DT16]: Do we know why?

Commented [DT17]: Good!

Accordingly, when Beasley's attempts to hold down costs (while rates for

¹⁰ Harvey and Press, 'Management and the Taff Vale Strike', 71-2

¹¹ Scott, among others, persuasively makes the case that except in the relatively closed world of the NER it was extraordinarily difficult to persuade owners of private wagons to incur capital costs that would mainly benefit the railway companies. Peter Scott, 'Path Dependence and Britain's "Coal Wagon Problem"', *Explorations in Economic History* 38 (2001), 366–385

¹² During a period when gross receipts per ton of freight carried over the network fell from £0.068 in 1883 to £0.044 in 1893 and £0.038 in 1903, TVR maintained its annual dividend of 5-6 percent. Harvey and Press, 'Management and Taff Vale', 66-9

¹³ Turner, 'Managing the "Royal Road,"' has shown that in reality there were probably fewer ex-military members of railway Boards than is sometimes imagined, but the armed forces offered railway companies an obvious precedent for how to manage large dispersed organisations.

carrying coal continued to decline) meant an effective freeze on wages at a time when the cost of living was increasing, and the 1898 local coal strike meant that some workers (the most recent recruits) had to be laid off, such actions could easily be portrayed by some as further deliberate sabotage of the union¹⁴. The local ASRS representative Holmes managed to bring the dispute to a strike, at his second attempt, in August 1900, but it was defeated in three weeks due in part to organisational failures by the union and in part to Beasley's very robust handling, including swiftly deploying 'blacklegs' from William Collison's National Association of Free Labour¹⁵. He then followed this up by his famous legal action for damages against the ASRS, taking the case to the House of Lords against the advice of TVR's own solicitors¹⁶, with eventual success in 1903.

Commented [DT18]: I appreciate that the word count was tight, but any idea why he took this unique action?

Although rewarded by his Board, and lauded more widely by other railway companies, it is notable that his actions were against the wider tide of public opinion¹⁷, and following the next general election the 1906 Trade Disputes Act gave unions an immunity from legal action that was not revoked until 1971. Beasley's concerted attempt to turn back the incoming tide of trade union power therefore failed by the end of his term in office, though in the short term he succeeded in maintaining the profitability of the TVR¹⁸ (and his reputation) under very difficult circumstances until the 1913 legislation and the First World War put a whole new strain on the railways nationally. Indeed, Crafts et al furthermore found that in relation to 'cost inefficiency' during this period, the TVR "was an even more outstanding case [than the NER] of improvement in cost inefficiency with a reduction from 36.3% in 1893- 95 to 2.6% in 1910-12."¹⁹ And

Commented [DT19]: And political?

Commented [DT20]: Excellent. Although single quotation marks when citing the text.

¹⁴ Harvey and Press, 'Management and the Taff Vale Strike', 72

¹⁵ Bagwell, *The Railwaymen*, 218

¹⁶ D C Clark, 'Revolt and Revival in the Valleys', 236. Also McCord, N. 'Taff Vale Revisited', *History*, Vol.78 No.258 (1993), 246

¹⁷ Bagwell, *The Railwaymen*, 215, reports that during the August 1900 strike, both the Liberal *South Wales News* and the Conservative *Western Mail* were highly critical of Beasley's refusal to meet the ASRS representative.

¹⁸ Nicholas Crafts, Tim Leunig, & Abay Mulatu, in 'Were British railway companies well managed in the early twentieth century?' (*The Economic History Review* 2008), 5-6 and 23-4, found TVR to have the highest rate of return on capital employed throughout 1892-1910, higher even than the NER, the only other company to increase its profitability during this period. And TVR topped the 'profitability' tables throughout B Mitchell, D Chambers and N Crafts, "How good was the profitability of British railways 1870-1912?" *The Economic History Review*, 64, No.3 (2011)

¹⁹ Crafts et al, 'Were British railway companies well managed', 12

TVR's Total Factor Productivity 1893 to 1912 was also best of 14 companies.²⁰

But again the coming greater tide of change was to wash his efforts away. At least by being elected deputy chairman of the Board in 1917 (aged 80!) he joined the rather select group of career railwaymen who made it to a directorship.

1,290 words

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Commented [KT21]: This suggests that there was probably a good level of innovation.

²⁰ Nicholas Crafts, Terence Mills & Abay Mulatu, 'Total factor productivity growth on Britain's railways, 1852-1912: A reappraisal of the evidence', *Explorations in Economic History* 44 (2007), 625