

Problems Of Capitalism & Socialism

The Workers' Control Debate: From 1975 To Now

Second Series, Vol. 1. No. 3

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PROBLEMS OF CAPITALISM & SOCIALISM

The Debate on Workers' Control. From Discussion to Denial. From Failure to Fallout. From 1975 to Now.

SECOND SERIES, VOLUME ONE, NUMBER THREE

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What Went Wrong In The Seventies?

EDITORIAL

The great question of workers' control today is, how come we don't have it now? What went wrong thirty years ago?

From the sixties through to the seventies the working class clearly was the strongest element in British society. Leading sections in some of the strongest unions in the TUC were convinced of the case for industrial democracy. The Labour Party, which had just become the natural party of government, had pledged itself in the Social Contract which won it the 1974 elections to carry the TUC's preferred scheme of things through to the Statute Book.

But somehow it all went wrong. The TUC couldn't make its mind up as to what it really wanted. After Wilson's resignation and Varley's appointment as Secretary of State for Industry, Labour's enthusiasm for industrial democracy waned somewhat and it was allowed to keep the Bullock Report on hold while the General Council dithered. Thatcher declared herself for Free Collective Bargaining and a large section of the working class heard that clear message and, in 1979, voted for an end to indecision.

And now it's all gone.

The Labour Party has absorbed Thatcher and has carried her vision of market revival to nightmarish lengths even such as she would never have dreamed of.

The unions now are wondering where the industries that once employed their members all went and wondering where their members got to around about the time those industries disappeared. And wondering how now, in the absence of any industrial workers to recruit, they can learn to serve the booming, non-unionised, Service Sector.

The seventies gave us really the Mother of all Free Collective Bargains. Well, Free anyway and certainly Collective. But not really much of a bargain.

Essentially, the trade union movement as a whole girded its loins to freely and collectively bargain us out of a Socialist future.

The series of articles by Manus O'Riordan which we are reprinting from Liberty (the journal of the Irish Transport & General Workers' Union, now SIPTU, they were first published in 1976 - 1977) shows very clearly the depth of confusion and division within the British trade union movement.

Confusion is always with us and was particularly acute in those debates because it was accompanied by a sometimes overwhelming (albeit perfectly natural) fear; fear to leave the well worn paths of days gone by. The depth of the divisions at that time was, and remains, less easy to understand. No substantial material interests were under attack. No jobs were at stake in the bureaucracies and there was no risk of membership being poached.

Extracts from the Congress debates on industrial democracy demonstrate that on the anti-TUC side of the matter eyes that were peering darkly through ideological glasses were blind alike to opportunities and pitfalls.

That is not to say that it was only the Left that was to blame for the failure. But just as the TUC as a whole should have been pressuring Eric Varley to implement the Bullock Report, just so should socialists in the unions have been pushing for a clear commitment to workers' control within the TUC. But ideology came first, and the comfort of the blinkers.

In this issue's instalment of the series Manus quotes Eddie Marsden of the EETPU (electricians) on how free collective bargaining was taking capitalism to the precipice, but industrial democracy was holding out a helping hand to Bosses on the Brink:

"The difference between collective bargaining machinery and supervisory boards is that supervisory boards bring the workers in line with the running of this particular system at a time when it is finishing, and we ought to finish it completely."

Where the likes of Jack Jones, Clive Jenkins, David Lea, Jack Dunn, Bernard Dix and too few others could see the situation in detail with all its ramifications of potential and peril, the ideological Left could not see

past its broadest slogans of wish-fulfillment dreams and wish-fulfilment nightmares, (it has always difficult to be sure which aspect of the millenium attracts them most: “*The Revolution Is Almost Here*”, or “*We’re All Doomed*”).

On this occasion the ideological Left laid aside many of its usual preoccupations, the better to induce paralysis in its victim. The ideological Left was not usually any fan of free collective bargaining which, Eddie Marsden to one side for a moment, is something that, for it, occurs within and sustains rather than puts an end to, capitalism. Nor had it ever, while the great economic theorist of the Labour Right had breath and such influence as set Crossland above Bevan, a good word to say for Allan Flanders. But in that moment the Maoists, Trots and Leninists, Bukharinites and Gramscians were all of them, however briefly, converts to economism and chums to that Great Beast of the Oxford School of Industrial Relations (the aforementioned Brother Flanders): all of them advocates of the Great Free Collective Bargain to come, opponents of any boardroom deals with the devil.

By the time the debate on industrial democracy, which culminated in the Bullock Report, can be said to have begun, in and about the evidences to and the recommendations of the Donovan Commission of 1965 - 68, the sources of Left wing ideology were rather more diffuse than they had been since the twenties.

For many years Left wing ideology came wholesale out of King Street, home of the Communist Party of Great Britain. But then Kruschev denounced Stalin at the 20th Congress of the CPSU and the Party lost its detailed control of the production of theory. In 1960 or thereabouts the New Reasoner merged with the Universities and Left Review to form the New Left Review with Stuart Hall as editor. Within a couple of years Hall had run the magazine into the ground and Perry Anderson, a monied Anglo-Irish theoretician of the production of theory, bought the bankrupt sheet up lock, stock and editorial board.

His hostile takeover of the New Left Review, which left Hall and Thompson and the old Board, which Anderson described as ‘*a constitutional built-in irritant and distraction*’, hanging in the wind, was accomplished by April 1963. There is no denying Anderson’s craft and endeavour for he very quickly established the NLR as the rich creamy centre, the

intellectual core, of the British Left. What Perry Anderson thought, his fads of the moment, whatever French philosopher he was dallying with; all that then and little else was the intellectual content of the British Left from the sixties through to the Forward March Of Labour Halted and beyond.

(Anderson’s control of the NLR was as absolute as he wished but for the most part lightly felt. At all events he ceased editing the magazine in 1982 and had no need to assert himself as proprietorial lord of all he surveyed until 1992 when, in the words of nineteen out of twenty-seven members of His editorial board who were given no choice but to resign...

“ In the autumn of 1992, by means of what amounted to a boardroom coup, control of New Left Review was for the first time in its thirty-year existence taken from the Editorial Board/Committee and given into the hands of a shareholders’ Trust. The EC was peremptorily disbarred from overall responsibility for the Review and informed that any future role it might play would be at most advisory...”

And so on from nineteen disillusioned intellectuals who presumably knew nothing, or had forgotten, about the original coup through which the conditions of their existence had been secured. The Lord of the Money giveth and the Lord of the Money taketh away. Just why Perry Anderson, with his brother Benedict and Ronald Fraser, felt the need to restructure the financial and subjective character of Left ideology by way of a Trust of they three Trustees I don’t know. Perhaps he had had occasion to research the inner workings of the Irish Times? Anyway...)

Apart from the New Left Review and the not-having-gone-away-you-know just yet CPGB the only other substantial source of British Left ideology in this crucial period was the grossly misnamed Institute For Workers’ Control (proprietor Mr. K. Coates).

From those three sources and other subsidiary streams of the collective unconsciousness there was an awful lot of ideology about and all of it, as you might expect, very much of a muchness.

1967, two years into the Donovan Commission, one year before its final report, saw the publication by Penguin Books of a New Left Review collection entitled The Incompatibles: Trade Union Militancy And The Consensus. Of thirteen contributions to that

book, four are of some interest now; articles by Perry Anderson, Ken Coates, Clive Jenkins (then General Secretary of the Association of Supervisory Staffs, Executives and Technicians) and Jack Jones (then Assistant Executive Secretary of the T&G).

Perry Anderson's article on The Limits and Possibilities of Trade Union Action was, for the most part, a New Left restatement in its own terms of the classic Marxist-Leninist position on the political futility of trade union economism, the conclusions of which would at that time have been accepted by any British Leftie to the right of anarcho-syndicalism. What lifts it out of the mundane run of such things is Perry's daring sleight of hand by which he appears to suggest that Very Very Very militant economism might not be all that politically futile after all (before concluding in the final analysis that nothing else can fulfill the historic role of a political party of the working class). It's a real roller-coaster of an ideological ride. Here's a taste...

"All mature socialist theory since Lenin has started by stressing the insurmountable limitations of trade union action in a capitalist society. This emphasis emerged in the struggle against the various forms of syndicalism and spontaneism endemic in the European working-class movement in the early years of the century... (p. 263)

"...trade unions are dialectically both an opposition to capitalism and a component of it. For they both resist the given unequal distribution of income within the society by their wage demands, and ratify the principle of an unequal distribution by their existence, which implies as its complementary opposite that of management... The dimension of a future 'auto-suppression' is lacking in a trade union. As institutions, trade unions do not challenge the existence of society based on a division of classes, they merely express it. Thus trade unions can never be viable vehicles of advance towards socialism in themselves; by their nature they are tied to capitalism. They can bargain within the society, but not transform it... (p. 264)

"...A revolutionary party, as Lenin and Gramsci always stressed, embraces more than the working class; it includes intellectual and middle class elements which are bound by no inevitable ties to the socialist movement at all. Their allegiance is created, against the grain of the social structure, by the work of the revolutionary party itself... (p. 265)

"Culture in a capitalist society is in this sense a prerogative of a privileged strata: only if some members of these strata go over to the cause of the working class can a revolutionary movement be born. For without a revolutionary theory, there can be no revolutionary movement. Trade unions represent too limited a sociological base for a socialist movement... (p. 267)

"Encroaching Control. This is the strategy of partial advances on the shop floor, each one wresting successive local prerogatives from management—over hiring and firing, allocation of bonuses, work tempo, distribution of loads, etc... The balance of power in any capitalist enterprise is so unequal that—without collateral intervention by party or State—no union can hope to wrest major management prerogatives from the employers... (pp. 268 - 269)

"...the British trade union movement now faces the gravest threat in its history... (p. 273)

"...Trade unions are today unable to substantially increase the share of wages in the national income... trade union wage pressure forces productivity up, so that a constant share of the national product creates a higher standard of living for the working class. This is the hard-won minimal enclave of working class resistance in a system of permanent and profound exploitation. It is this enclave which is now threatened. The attempt to manacle the unions is an attempt to enforce a net increase in the share of profits against wages in the national income—and a relative decline in the income of the working class... (p. 273)

"...Trade unions are weapons of economic struggle, which are radically maladapted for aggressive political action... Whatever the degree of collaborationism of trade union leaders, the very existence of a trade union de facto asserts the unbridgeable difference between Capital and Labour in a market society; it embodies the refusal of the working class to become integrated into capitalism on its own terms. Trade unions thus everywhere produce working class consciousness... This is not the same thing as socialist consciousness... (pp. 273 - 274)

"...Industrial Militancy. The majority of British trade unions today are old and bureaucratic.

They do not enjoy the ready confidence of their members... There is no inherent reason whatever why trade unions, however large, should not achieve an accountable, participating democracy, that they normally fail to do so is not to be attributed to the blind necessities of large-scale organization, but to the total political environment in which they work. In other words, lack of democracy in trade unions is to be understood in terms of the nature of the system into which they are inserted: that is, capitalism.

“For it is a rule in a capitalist society that any institution or reform created for or by the working class can by that very token be converted into a weapon against it—and it is a further rule that the dominant class exerts a constant pressure towards this end... It is this ambiguity—power-for as power-over—which makes working class institutions the best of all anti-working class weapons. Thus many British trade unions today, by their very lack of democracy, serve the objective function of subordinating the working-class to capitalism... (pp. 275 - 276)

“Trade unions have historically bargained for better terms for the sale of labour power; they have not been able to challenge the existence of the labour market itself. Today, however, the relations between ‘political’ and ‘economic’ struggle have changed. The emergence of a state drive to impose a centralized incomes policy is one of the defining characteristics of contemporary capitalism... For our whole historical situation is now dominated by the Labour government’s attempt to crush economic demands by trade unions in order to pay for a political option—the presence East of Suez, the export of capital, the prestige of the pound. The trade unions can only effectively counter this attack by rejecting the political policies of the Government, and by fighting for socialist policies which are their diametric opposite. The trade union struggle is now, necessarily, a political struggle. The two can no longer even temporarily be dissociated.

“Does this mean that trade unions can or should now, despite everything that has been said earlier, act as political agencies? No.” (pp. 278 - 279)

Isn’t ideology simply wonderful! There is something almost heroic in all that; arguing in a book directed to trade unionists and containing articles by two very prominent trade union leaders that trade unions are “the best of all anti-working class weapons” and that socialism can only be built at some time in the

future, not now but soon, very soon, by a political party of middle class intellectuals. The stupidity of it approaches the sublime. But then it is pathetic in that so many in the trade union leadership were bemused, disoriented and disabled by such nonsense. And it is tragic that this “*revolutionary pessimism*” encouraged the rejection of so many opportunities in such a short space of time to realise working class strength as industrial and political power: through Barbara Castle’s In Place Of Strife or Heath’s Tripartite Prices & Incomes Strategy; the worst of all the wasted opportunities that pave the road that ultimately runs through Thatcher to Blair to Brown.

The 1974 Workers’ Control Policy Statement of the British & Irish Communist Organisation (which is where the authors and publishers of this magazine hail from) answers all that Left infantilism on its own grounds. We have reprinted it in this issue and it is well worth reading.

Ken Coates’ article in The Incompatibles collection is Wage Slaves in which he gives his own formulation of the doctrine that the working class is incapable of directed, systematic, thought...

“Men become good for what they are expected to be good for. Thus it makes sense to explain the difficulties which workers experience, in comprehending the root causes of exploitation, by reference to the division of labour itself. In our society, the habit of abstract thinking is coalesced into determinate occupational strata, while physical activity is lumped on to other, separate, shoulders. Comprehension of the State, the market, and the other totalizing concepts which are vital to the generation of an attacking, aggressive political strategy, is not so easy if you have been kicked out of school at the age of fifteen. ...

“It is little more than an appreciation of this fact which is involved in the insistence, by Kautsky and Lenin, that ‘socialism must be brought to the working class from outside’. Certainly this does not mean that socialism can be manipulated into being by gifted pedagogues: what it does signify is that mental work, in capitalism, tends to be done by mental workers, and socialist ideas, like all others at this time, tend to find their systematic exponents among people with a training which has been acquired outside the working class.” (pp. 79 - 80)

And Coates had his own version of the very militant

militancy that would transform futile economism into a purposeful political movement...

“No answer to the present drift of governmental action can stand up unless it is sufficiently specific, coherent and immediate to provide an alternative focus of action by the labour movement. This implies not only a set of demands for the social redistribution of privately misappropriated resources, not only a programme for both economic and political realignment internationally, but even more than these an alternative plan for overall economic development. The Wilson régime has demonstrated that planned growth is impossible within the present structure, unless it involves impermissible restrictions on the unions, attacks on the standards of the poor, and rejection of the hopes of all those sections of the people which did most to bring it into office. It remains now for others to defend those priorities which have been abandoned by the Government. This can only be done by elaborating a set of schemes for structural, anti-capitalist reforms of the economy, for extensions of public ownership, for augmentation of workers’ trade union powers, which, taken together, can mobilize the effort required to overcome the existing impasse. If the present miscalled Incomes Policy were opposed by demands for real social control over rentier revenues; if it were seen that by answering the call for an end to commercial secrecy under the inspection of the work-people, the books of every firm could be made to speak the whole truth about the relation of wages, profits and productivity; if shop stewards throughout private industry were to press for effective control of production; if price control were seen as a province for effective consumers’ councils: the democratic upsurge which these issues would involve could create a whole university of social transformation.” (pp. 86 - 87)

That is a use of all-embracing concepts to totalize workers’ control as the broadest imaginable field for all manner of worker and consumer activism. It is a dilution of workers’ control to the consistency of weak milk and water in line with his definition of it in The New Unionism (co-authored with Tony Topham, published by Peter Owen in 1972) as...

“...the germs of workers’ control exist, in greater or lesser degree, wherever strong independent trade-union and shop-floor powers act to restrain employers in the exercise of their

so-called ‘prerogatives’. When shop stewards operate their own overtime roster, or when they regulate, however informally, the speed of work, or when shop-floor strength and action prevent the carrying out of an arbitrary dismissal, there workers’ control is being exercised. In this sense workers’ control always exists in a conflict situation...workers’ control is not something which is either established or not: it varies in degree and scope according to the circumstances of particular times and places, industries and occupations. Thus the dock-workers have established more workers’ control than the shop assistants. The explanation for the differences between these two occupations clearly rests on differences in relative militancy, solidarity and bargaining power...

“...we should always remember that, until the question of ownership is solved—that is, so long as employer authority is still a separate thing based on property rights—workers’ control will continue to be asserted as a countervailing element in a dual power, existing alongside and contesting the established power of capitalism and its agents.” (pp. 55 - 56)

In other words, workers’ control is pretty much what trade unions do day in and day out, and have done since the National Union of Old Testament Seamen negotiated with Noah. Which strangely enough (warm words about shop stewards and militancy apart) was as much as the Flanders and Clegg of the Oxford School of Industrial Relations were prepared to allow to industrial democracy in their Right wing Social Democracy. And of that more later.

Clive Jenkins’ contribution to the New Left Review collection, We haven’t Got Enough!, suffered by beginning with an ideological rant warning that British politics was verging on Fascism...

“The British unions look tired. They must be suffering from exhaustion, or they would not be acquiescent to measures of a Labour government which will turn them into departments of the State...The étatiste socialists now governing Britain recognize readily the motivations of those union leaders who also long for an accommodation with the State. Since the Mond-Turner talks at the end of the 1920s, this current of accommodation has been visible. It is warmly welcomed by those great companies moving towards oligopoly and monopoly who want a relationship with the State organs which feeds them money and lends

them police. What is now being envisaged in Britain is a State capitalism which enshrines privilege and borrows some of the representative features of the corporate state.” (p. 228)

Oh well! Having got that out of his system Jenkins went on to demonstrate the practical concern for working class requirements in the real world that led him eight years later onto the Bullock Committee in support of the TUC’s worker-director policy. He wrote of his support for the Composite Motion on incomes policy which was carried at the 1963 Labour Party Conference whose recommendations included...

*“...e) a better system of popular administration of industrial enterprises by involving the staff of these concerns more directly in their administration; and
“f) an element of public participation in the ownership and direction of companies in receipt of state aid.” (quoted p. 230)*

His extended hymn of praise to the industrial relations set-up in Sweden showed what he really looked for in terms of national economic planning...

“At any one time, one per cent of the Swedish labour force is under training. This means 35-40,000 workers always under instruction. A similar programme for the United Kingdom would mean 250,000 persons on full time courses. In fact there are only 6,000 places available in our Government Training Centres (turning out 12,000 persons a year) with 8,000 places planned by the end of the year...”

“...The Swedish programme is...run by a specialist National Labour Market Board. This organization has an annual budget voted by the Swedish Parliament for which it is responsible on its own account after that—although with sensible liaison and collaboration with the Government. The Board’s task is to maintain full employment with a labour force as productive and skilled as it can make it...”

“There are no directives from Ministries to the Board. It has 1,000 million kroner per annum as a budget which is administered by the eleven members who direct its work. These are the director general (who acts as chairman), an assistant director general, three members from SAF (the Swedish CBI), three from LO (the manual workers’ national trade union centre), two from TCO (the non-manual workers’ union centre), one from

SACO (the organization of professionally qualified staff), one representative from agriculture and one to look after the special interests of women...”

“The Board has a basic policy which can be summed up as embracing (in their words):

“Full employment, stable money, higher standard of living, continuous efforts to eliminate unemployment and to satisfy the demand for labour by promoting the adjustment between sectors of surplus and sectors of over-demand. In a full employment policy special importance should be attached to measures aimed at stimulating the adjustment to economic changes.’

“Should we do less in Britain—and why are the unions not demanding it?” (pp. 235 - 237)

Much less continued to be done in Britain, with the unions continuing to stand idly by. In Ireland a similar regard for the worth as well as the needs of Labour was encapsulated in the foundation of the state. And the Swedish practice as Jenkins outlines it seems at least analagous to Irish Partnership Agreements as those have developed there in recent years.

Jack Jones’ article in the collection, Unions Today and Tomorrow, had nothing of ideology or ranting about it. Just over halfway through the Donovan Commission’s deliberations with legislation to follow on its recommendations Jones sets out the bones of a trade union incomes policy which if it had been taken up in detail by the TUC would have diluted the (as things really worked out, very strong) justification for In Place Of Strife:

“A genuine incomes policy must be dependent upon the community having a decisive control over the creation of wealth; in particular over the level and direction of investment. We have rejected the Government’s spurious incomes policy because as one writer pointed out: ‘Labour is really being asked to give its consent to a particular type of social order...a fully-fledged ‘incomes policy’ really implies...the equivalent of a new Social Contract.’ This contract gives neither control nor guaranteed returns but merely a limited and illusory role in the distribution of incomes...”

“...My own union has focused upon the demand for a national minimum wage

of £15 a week, to incorporate equal pay, phased where this is inevitable but certainly guaranteed over a period. Detailed arguments have been put forward to support this...

“Linked with this has been the demand for three weeks’ holiday (with four weeks as an early priority). This is in itself no great demand as most manual workers in the other major industrial countries of Europe already have this after one year’s service.

“Together with the basic 40-hour week (35 as soon as possible) and decent sick-pay and pension arrangements, these proposals represent not only major improvements for millions of workers throughout the country, but provide a foundation of security upon which a guaranteed annual wage can be erected. It is important that this national minimum, being currently campaigned for in many industries and trades by my own and other unions, could and should become the subject of centralized negotiations between the TUC and the Confederation of British Industries.

“The delegation of major practical functions from individual unions to the TUC would bring it into the centre of the trade union struggle, giving to it a function of directly representing the interests of trades unionists; a development of great significance. It would build not only a new unity among working people, but should ensure, at long last, the creation of a General Staff of Labour, required to act as the leadership of the trade union movement. In the absence of this clear role, the TUC could increasingly develop into a remote instrument of national planning.

“To protect the interests of workers in the more than half of British firms which employ less than 500 workers, and which are likely to be only tenuously connected with an employers’ federation, let alone centralized national negotiations, decisions taken in these negotiations would have to become implied terms of contract for workers in all industries.

“The growth of local initiative in industrial relations and its association with full employment has been fully documented elsewhere, but it has yet to be fully reflected in trade union and industrial structure. Under the above scheme, such matters as occupational differentials, shift-rates and above all incentive schemes and productivity bargaining would become increasingly decentralized. This is

merely increasing the pace of an inevitable trend. (To attempt central control of such matters would merely freeze productivity in a way the present approach on incomes policy is doing.) It would also provide a new dimension of democracy and workers’ participation in management. It offers new scope for control by workers over their industrial environment and is one of the growth points of social policy that the unions must develop.” (pp. 123 - 126)

“The definition of ‘productivity bargaining’ must not be too narrow...

“Thought must now be given to developing the full industrial and democratic potential of local bargaining. The concept of the Pay and Productivity Committee is important; committees which seek to bring together the negotiating and consultative aspects of local worker/management relationships...

“Wider scope can be won for such committees by extending the information available to them. Forecasts of investment and labour requirements, sales policy, unit costs, etc. are all essential for realistic negotiating and productivity consultation.

“The secrecy of management is one of the most harmful restrictive practices and it should be treated as such. These developments, taken with the election of union representatives to various policy bodies within management, represent a major extension of industrial democracy—a much more hopeful way to workers’ control than the drawing up of elaborate blue-prints of committees and councils which has been a respected socialist hobby for so many years.” (pp. 127 -128)

“...for the whole campaign to create a reasonable national minimum wage would create a new situation in industry and government action would be needed, and only the most hardened syndicalist or disillusioned government supporter would exclude political and legislative action from the armoury of industrial progress.

“Profits would come under pressure, certainly; but many workers will know that their own firm is so inefficient that low wages are inevitable. Some firms would need assistance in raising their efficiency. Others might have to be taken over by the State to ensure continuation of output and employment.

“Even within the mixed economy, output and pay could be raised through, say Industrial Efficiency Centres...” (p. 129)

Between Donovan and Bullock (the more or less immovable parameters of this editorial) Jack Jones’ vision of a working class incomes policy is *‘the one that got away’* to stalk any Communist’s dreams (and haunt any ideologue’s nightmare). But got away it did and that’s all to be said on it for now.

Donovan (the Royal Commission on Reform of Trade Unions and Employers’ Associations) was set up by a Labour government and the Labour & Trade Union Movement was not unrepresented on it or in its deliberations. TUC General Secretary George Woodcock was a member. Otto Kahn-Freund, a pupil of the Social Democratic Labour Lawyer, Hugo Sinzheimer (one of the Constitutional Convention responsible for Weimar), was a member (he is reputed to have written the bulk of the Donovan Report). Along with the right-wing Labour economists Hugh Clegg and Allan Flanders, Kahn-Freund was the Oxford School of industrial relations. Hugh Clegg was research director for the Donovan Commission. Flanders did research for it.

Now then, early in his book Management and Unions (Faber & Faber, 1970, an extract is included in Trade Unions edited by W.E.J. McCarthy, Penguin, 1972), Allan Flanders quoted from Perry Anderson’s article in The Incompatibles (a slimmer version of what I quoted much more generously some pages ago) and went on to defend the utility of then current union practice as he saw it. And between Flanders’ view of union best practice and Ken Coates’ view (set out in The Incompatibles and quoted earlier) there is very little, if any, difference. According to Flanders...

“...collective bargaining serves yet another great social purpose. Apart from providing protection, it also permits participation. A worker through his union has more direct influence on what rules are made and how they are applied than he can ever exercise by his vote over the laws made by Parliament. We hear a lot these days about participation, including workers’ participation in management. I have yet to be convinced that there is a better method than collective bargaining for making industry more democratic, providing its subjects and procedures are suitably extended. Putting a few workers

or union officials on boards of directors only divorces them from the rank-and-file. In collective bargaining, trade unions must continually respond to and service their members’ interests.” (p. 22)

Even Coates’ stress on the role of shop stewards is not a matter of dispute between them...

“...over the post-war years there has been at the same time a great upsurge of union activity in the workplace. Bargaining between shop stewards and management has developed on a scale previously unknown. This bargaining is not only about money, though that is an important feature. It is equally associated with demands for a greater say in managerial decisions in such matters as discipline and redundancy, control of overtime and fringe benefits...

“This has very important implications for trade unions. In terms of their basic social purpose the upsurge of workplace bargaining represents at once a danger, an opportunity and a responsibility. It is a danger because, although they now rely heavily on the workplace activity of their stewards, this activity in its present form threatens their discipline, cohesion and strength. At the same time it is an opportunity for the trade unions to make the most of a movement already in being. Properly led and directed it could result in a considerable extension of the subjects of collective bargaining and, therefore, a greater fulfillment of their basic purpose of job regulation. Their responsibility is self-evident once the danger and opportunity has been stated.” (pp. 24 - 25)

Also self-evident is the unity of policy and purpose between the right wing of social democracy and the ideological Left; both the Oxford School of industrial relations and the Institute For Workers’ Control preferred a conservative extension of the scope of collective bargaining to any socially disruptive measures of real workers’ control!

And that is what went wrong thirty years ago; when push came to shove, when Jack Jones went to the Labour Government, the conservative Right and the ideological Left of the Labour & Trade Union Movement united against Workers’ Control. At which time, in a very close contest, the Institute For Workers’ Control was probably the worst of the lot of them.

WORKERS' CONTROL IN BRITAIN

BRITISH AND IRISH COMMUNIST

ORGANISATION

POLICY STATEMENT NO. 6

JANUARY 1974

1. Because workers' control was never considered in any detail by the members of the Second or Third Internationals and because the economic conditions in the Soviet Union did not allow workers' control to be put into practice, there is no generally accepted definition of workers' control in the Communist movement.

2. Probably the most fundamental definition—that is, that which sticks to essentials—would be: the sovereignty of the workers in a given factory or firm in the managing of that factory or firm. That is certainly the definition which Marx operates with when he deals in passing with workers' control in Volume III of Capital.

3. This definition places the argument about direct and representative democracy fairly and squarely where it belongs: in the realms of pure political thought. Those who would argue that if the workers delegate their sovereignty to a representative of their interests, they thereby lose control, are not arguing as communists, but Rousseauvians*. For the workers in a factory to keep direct control over management, they would have to be in virtually perpetual session as a general meeting, as problems in production occur virtually hourly. Under direct democracy actual production would be obliged to stop working whenever a problem of management cropped up. Direct democracy in practice must give way to some form of delegation or representation. Therefore, when workers control is considered practically, it must be from the viewpoint of a representative system.

*Rousseau denied that democracy was possible on the basis of representative government.

Writing of the organising function of the capitalist,

Marx says:

"Inasmuch as the capitalist's work does not originate in the purely capitalistic process of production, and hence does not cease on its own when capital ceases; inasmuch as it does not confine itself solely to the function of exploiting the labour of others; inasmuch as it therefore originates from the social form of the labour-process, from combination and co-operation of many in pursuit of a common result, it is just as independent of capital as that form itself as soon as it has burst its capitalistic shell. To say that this labour is necessary as capitalistic labour, or as a function of the capitalist, only means that the vulgus (i.e., the mob) is unable to conceive the forms developed in the lap of the capitalist production, separate and free from their antithetical capitalist character...In a co-opertive factory the antagonistic nature of the labour of supervision disappears, because the manager is paid by the labourers instead of representing capital counterposed to them" (Capital, Volume 3, pp. 379-80. All quotes are from the Foreign Languages Publishing House, Moscow 1962 edition).

4. The only time when representatives have no chance to become despots is when the people whom they represent have an interest in what their delegates are deciding and enough knowledge of the reasons why a decision is taken to be able to judge it correct or incorrect in the light of the reasons given for it. The right of recall is purely a formal device which has no practical application if constituents are neither interested or equipped by knowledge to judge. When these two conditions are present recall is unnecessary since any representative will find it impossible to continue when he has lost the confidence of his

constituents; he must resign or risk the certainty of revolt and forcible removal.

5. Unless these two conditions of interest and knowledge are present, workers' control will have no practical meaning or effect if implemented in legal form. If they are absent, even though workers' representatives may be elected to manage, they will not manage for the workers, but rather as despots or, if reasonable men, as enlightened despots. This is the case in Yugoslavia where the working class for historical reasons have neither interest nor knowledge to make their elected managers their representatives.

6. By interest we mean involvement arising out of material necessity. We argue that workers should be sovereign in the management of their factory because it is necessary that they are so. The material need is for the working class to survive and develop. Therefore the class has an interest in whatever is necessary for it to survive and develop. From the beginning of the 19th. century to 1847 in Britain, the main threat to the working class' survival came from the mill-owners' practice of continually extending the length of the working day until the working class was dying of exhaustion. at that time the working class interest was to restrict hours of work; they formed Short Time Associations and forced the passage of the 10 Hours Act in 1847 after about 20 years of agitation.

7. Since 1945 the two main things affecting the survival of the working class are...

i. the tendency for the level of investment to be too low to ensure sufficiently extended accumulation, thus threatening the continuing development of the productive forces. (One of the consequences of this is that working class consumption cannot increase sufficiently, as there is nothing additional to consume.)

ii. the inability of management to organise production on the shop floor efficiently so as to maximise productivity of labour and capital in the production process—with the result that both labour-power and capital are wasted and thus there has been comparatively less produced to be available for consumption and investment.

8. The first threat to working class interests is not directly affected by the transfer of sovereignty for management decisions from the shareholders (where it

at present resides) to the workers. However, workers' control has proved historically necessary to deal with this threat, because without workers' control, the working class has refused to accept conscious regulation of wages, that is, incomes policy, such a policy aims to ensure a high level of investment. The second threat can be met directly by workers' control for which the working class in Britain is sufficiently developed at present.

- 9.** There are two conditions for knowledge...
- i. the developed ability to reason,
 - ii. experience of what has to be reasoned about.

Capitalism has produced a working class capable of reason by virtue of universal primary education and access to the results of scientific experiment and invention, political disputation and bourgeois culture. The working class has also inherited an industrial culture created by the experience of their fathers, grandfathers and greatgrandfathers. As The Communist Party of the Soviet Union found in the early 1920s, it is no good expecting peasants who have migrated to the towns to be capable of organising production in the factories. However, for the reason and experience of the class to be able to function, it is essential to have means of publicly debating the decisions taken by workers' representatives in managing, to ensure that those decisions are correct. Public debate means both regular assemblies of workers in order to question their representatives and reach decisions, and the production of written discussion about what constitutes the correct decision, that is, some form of newspaper and publicity in each workplace.

10. Before proceeding it is perhaps necessary (because so often ignored in these days of left infantilism) to define sovereignty. Sovereignty means the ability of men to consciously direct their activities towards a given necessity arising out of a given physical or historical law. Thus, sovereignty has never implied absolute power, only power over the activities of the group of men who live within the circumference of that sovereignty. It does not imply the ability of workers to go against the laws of capitalist production today any more than it ever implied a sovereign king's ability to walk on water or prevent his country being flooded.

If workers are sovereign at their place of work, they will only be able to exercise that sovereignty if they

recognise the physical and historical laws determining their conditions, and decide their actions with those in mind. These laws are not absolute limits, because as they are understood, so they can be superseded. Once it is understood that flooding can be prevented by a reservoir and a dam, the physical law which determined that spring rains would bring floods can be superseded.

So with historical laws like those of capitalist production. That law of capitalist production which determines the tendency of all labour power to be exploited without stint—that is, with no account taken of the workers' physical and social needs—was experienced by the working class and understood by it. Therefore the working class formed trade unions and acted in them to supersede that law, to positively prevent it from operating by withdrawing their labour whenever a capitalist acted under the determination of this law. After approximately 150 years of the working class in trade unions in Britain preventing capitalists from so acting, the intelligent capitalists have learned from experience not to try and operate according to this law; while the capitalists' own culture has taken account of this experience and now helps the dimmer ones learn what they failed to see.

II. There has been a minority of capitalists (Robert Owen was probably not the first) who found that their firms were not less profitable and in most case more profitable when operated on the basis of giving the workers a share of the sovereignty in management. In the 19th. century these employers were often Quakers like Cadbury's who found the waste of human reason and experience in their workers morally unacceptable. The consequence was in Cadbury's from the 1890s the responsibility for making all rules for workers and the disciplining for infringements of rules was gradually handed over to workers. Safety was dealt with in a similar way, whilst workers' representatives were given confidential information about the performance of the firm. (The first conciliation agreements between employers and trade unions had been pioneered on the employers' side by Quakers like the ironmaster David Dale. They started from the premise that industrial disputes were susceptible to reason, that employers and workers had a common interest in keeping production going and that it was possible in a dispute that the employers had acted mistakenly in not granting a demand, just as it was possible that the workers had been mistaken in making it.)

12. In World War I the working class found itself for the first time in its experience with a guaranteed right to work and with the explicit aim of maximising production. It reacted by demanding the control of profits in return for its own abstention from taking advantage of the tight labour market to bid wages up to their full market price. However, it only made this reasoned demand after high political pressure from the Government as well as substantial wage increases agreed and enforced by the Government on employers. The class's first reflex had been to strike for higher wages, and from 1915-17 unofficial and illegal strikes were held on a large scale by miners, railwaymen, cotton spinners and engineers.

Dilution (the breaking down of production into a larger number of simpler processes for which less skill was required, i.e., a greater division of labour) was tried by engineering employers early in the war in order to meet the demand for labour created by the exodus to the army of skilled men and the demand for more production. Dilution substituted unskilled men and above all women for skilled engineers. The result was a demand from workers that there could be no dilution without consultation. The workers must agree to the change in production process, how much skill and training were needed for the new jobs and what the rate for the new job should be. The Trade Union leaders dared not oppose this demand and the Government accepted and proceeded to enforce it on often unwilling employers. To negotiate these changes, workers' representatives at every factory were needed since each factory made different changes and the Government did not propose to jeopardise the measure of agreement and co-operation by handing down regulations from above. This is the origin of the spread of shop stewards throughout the engineering industry in Britain. Prior to this time, shop stewards had often emerged out of the ever-increasing number of piece-rate negotiations in engineering, but they were isolated occurrences in scattered workshops and the unions had never had to pay much attention to those men who nevertheless were filling a gap in working class organisation.

World War I made the shop steward a necessity in every factory. Piece-rates can only be negotiated at the shopfloor level and they spread rapidly because a more mechanised production made piece-rates the more favourable way of reckoning wages to the working class, while at the same time enabling the

employer to purchase greater output for an agreed price. Even though the trade union officials were hostile to this new workers' representative, they had no choice but to make shop stewards official trade union representatives after the war. Shop stewards would continue to be necessary and must therefore be recognised as such by the unions if they were to remain organisations of the working class.

A section of these shop stewards on World War I had called themselves syndicalists and been in favour of workers' control. However, they never declared against working class political parties or working class action in making demands of Parliament. They considered such parties and action irrelevant, but would not condemn them, mainly because they were indifferent to them. (A similar approach had been adopted in the first years of the 20th. century by the British working class syndicalists—Tom Mann is the most famous). These shop stewards organised into a national co-ordinating committee to lead the fight for workers' power. But no lead was ever given to the working class by the committee which continued to shrink after perhaps two years of vigorous existence. In 1919, members of this committee journeyed to Moscow at Lenin's invitation to attend the Second Congress of the Communist International. While there, all but one of their delegates was convinced by Lenin's arguments of the need for political action and the dictatorship of the proletariat.

Besides negotiating piece-rate increases, the shop stewards demanded and won for the working class a pledge by the employers to return to pre-war production methods and craft customs when the war was over. Most employers honoured this pledge which meant going back to less efficient and less capital intensive production. The post war slump forced the employers to introduce the more efficient war-time techniques.

On 28 June 1917, the Whitley Committee, a sub-committee of the Committee on Reconstruction, presented an interim report to Parliament:—

“The report stated that the war almost reinforced some reconstruction of industry, and that in that reconstruction it was desirable to secure the largest possible measure of co-operation between employers and employed; therefore the sub-committee advocated the establishment for each industry of a body

representative of both employers and workpeople (Joint Industrial Councils) ...It was suggested that these Councils should meet at regular intervals, and should consider among other questions,

“1. the settlement of general principles governing the conditions of employment, including the methods of fixing, paying and readjusting wages

“2. means of securing to the workpeople security of earnings and employment

“3. technical education, training, industrial research, and the improvement of processes, machinery and organisation, appropriate questions relating to management with special reference to co-operation in carrying new ideas into effect, and full consideration of the workpeople's point of view in relation to them.

“It was advocated that in addition to the National Industrial Councils for each industry subordinate bodies should also be instituted consisting of (a) district councils and (b) works committees representative of the management and of the workers employed.” (Annual Register 1917, p. 141)

The Government accepted the Report but decided against prescriptive legislation and in favour of voluntary implementation. The trade unions for the most part refused to work for the report's implementation because they viewed their present arrangements for negotiation as quite satisfactory. In 1920 the postwar boom ended and the working class reflexes readjusted to the new conditions of the labour market by concentrating on the right to work and resisting new wage cuts. This situation was to last for 20 years and the Whitley Report was, therefore, practically forgotten by the working class and employers.

13. In 1939, when war was declared, the Government had learned from World War I to offer the trade unions “*complete consultation*” in all aspects of production from the very beginning. In practice this meant that the working class at the shopfloor expected and were given reasons for management decisions and also had the right to ask why production was not being maximised or expedited by management, that is, to declare “*no confidence*” in their employers and be listened to and sometimes supported by the Government. Where the working class proved that management had consistently taken incorrect

decisions, the ministry removed the management and sometimes vested control in the works committee. By 1941, the working class was sufficiently interested in the problems of production to demand the establishment of joint works production committees in the engineering industry. The workers' representatives would be able to bring up any aspect of production and have the right to expect full co-operation from the employers in discussing and working out a solution. At first these committees were established in factories where workers were most determined and militant. By 1942, the Confederation of Engineering and Shipbuilding Unions had, with the help of strong Government pressure, negotiated an agreement with the Engineering Employers Federation whereby the employers undertook to co-operate with the unions in establishing committees in all federated firms with 150 or more workers, representing two million workers; 600 committees had been voluntarily set up in munitions factories with less than 150 workers; over 200 existed in non-munitions engineering firms. By June 1944 there were over 4,500 committees in the engineering and allied industries in factories of 150 and over; and more than 1,600 in the smaller firms. These arrangements lapsed with the end of the war and there was no working class pressure for their continuance.

Ernest Bevin, General Secretary of the Transport and General Workers' Union, had been Minister of Labour since 1940. His method of ensuring continuous (strike-free) production and a measure of abstention in wage-increases was to make it compulsory for all war industries to observe trade union agreed wage rates and conditions. Trade unions could take an employer to court for failure to comply with collectively bargained terms. Collective bargaining carried on at both industry and factory levels as before, but disputes were settled by compulsory arbitration which was legally enforceable rather than strikes or lock-outs. In 1945 trade union membership had doubled from its 1938 figure and was to remain more or less at that figure for the next 25 years. Bevin's measures had ensured that even the most reactionary employers were forced to take trade unions seriously in their factories every day, to work and observe minimum conditions of employment and wages. The working class benefitted materially from the war. From 1938-45 the index of retail prices (compiled by the London and Cambridge Economic Service) had increased 48%, average weekly earnings had increased 80%.

14. In 1945 both classes expected a postwar slump (experience of World War I had taught them to expect it). Keynesianism meant that the slump never came. Since 1945 there has been a tight labour market and the working class have not had to resist wage cuts or demand the right to work. Until the late '60s, Britain's strike record was amongst the best in the capitalist world. (The Trotskyite left and revolutionary intelligentsia began to think that there might not be a revolution after all as the working class had sold its birthright for a mess of pottage.)

15. The working class had been willing to abstain from using its market advantage to the full during both world wars. However, in the 1950s and 60s, the pull of the market continued strong. Though the working class was given reasons by successive Governments for wage restraint (that the economy could not pay more wages without affecting exports and investment), these reasons were flouted in practice by the employers' use of increasing wages to attract and keep labour and ensure that labour actually produced (wage drift in the form of increasing bonus and piece rates).

"Since 1950 most British wage-earners have received an increase in their basic rates at something like annual intervals...The TUC finally withdrew its support for the 'wage freeze' in September of that year, and about the same time the rapid rise in raw material prices set off by the outbreak of the Korean War began to be reflected in retail prices. Consequently by Christmas wage increases were coming fairly readily. Prices continued to rise throughout 1951 and a second series of claims was soon in motion. Some industries even received two increases during that year. By 1952 the pattern had become habitual..." (The Employers' Challenge, H. A. Clegg and Rex Adams, 1957, p. 22)

"In this situation (1956, when trade unions were again willing to use the threat to strike openly) some employers changed their attitude to strikes. Since there was no longer an elaborate structure of agreements and understandings between the unions, the government and themselves which might be wrecked by industrial unrest, they felt themselves free to return to the pre-war calculation that the cost of a strike was the cost to their own industry...Other employers, and certainly the government, took a different view. To them it seemed that the institutions and habits of industrial co-

operation which had grown up over many years, although a little tarnished, were still so valuable that they should be preserved at almost any cost. A national strike, and still more a series of national strikes, might destroy them. It was not unnatural that the boards of the nationalised industries should share this view.” (ibid, pp. 31-32)

16. The capitalists at last recognised that this contradictory behaviour from them was bound to lead to the working class following the course of action most habitual to it, that is, exploiting the labour market for higher wages. Consequently, in the late 1960s, the Labour Government let unemployment rise without taking Keynesian countervailing measures, in order to force labour to move to regions where the demand for it was high and into the most profitable industries (this was the first such action by a Government since 1945. Countervailing measures to prevent the emergence of such pressures on labour to move had been taken always when unemployment reached 300,000).

At the same time, the rate of inflation increased. The working class resisted both these events by strikes for higher wages and also demanding the right to work...and returning a Tory Government at the next election. After continuing Labour policy on unemployment and failing to control wage increases and price increases, the Conservative Government reversed course and reflatd and began the Tripartite Talks. Probably the most important single factor in this reversal was the failure of the Industrial Relations Act. This Act prescribed working class actions within a framework of trade union responsibility for action taken by trade union members before the law. (The 1871, 1875 and 1906 Trade Union Acts had granted legal immunity.)

Both the Labour Government of 1964-70 and the subsequent Conservative Government believed such a law necessary to enact punitive measures. The logic of the Act was if the working class insisted on making inflationary wage claims and in disrupting production with lightning unofficial strikes and the employers kept caving in by granting wage increases which they could not afford then the working class must be made legally accountable and thus made to understand that such action was wrong. (All previous attempts at reason and persuasion had failed as will be shown.) The working class refused to let trade unions be responsible for their actions before the law and the

Industrial Relations Act was in fact inoperable from the time it reached the statute book.

17. But what reason is there to believe that the Tripartite Talks and Counter-Inflation policy in 1972-74 have any more chance of success than those Incomes Policies instituted by every Government since 1945?

“On 4 February (1948), therefore, the Prime Minister (Atlee) introduced to the House a White Paper on Incomes, Costs and Prices (Cmd 7321). He said that the policy hitherto pursued against inflation: high direct taxation of personal incomes and distributed profits, PAYE and heavy indirect taxation would cease to be effective if personal incomes continued to rise. A race between prices and wages would not do the worker any good because the prices always kept ahead. The nation could not afford a rise in production costs without a corresponding increase in production. Wages must no longer relate to the historical status of an industry in the wage scale but to the national need to attract labour to the vital industries...

“It did not follow that wages should be stabilised at their present level. But there was no case for increases in profits and rents, or in salaries and wages, apart from increased production. To the scornful, this was ‘fighting inflation by exhortation’. It was a public appeal to the trade union movement to adopt a self-denying policy in the interests of the nation and its own long-term interests, an appeal made after private discussions had failed to elicit a satisfactory reaction from the TUC. It was not surprising that old habits and attitudes die hard in a movement founded to fight for better wages and conditions...On the following day (24th. March) a delegate conference (of the TUC)... accepted the Government’s recommendations by a majority of 1.167m card votes. But there was a large minority, 2.032m against acceptance. Some unions were under pressure from the Communists to regard the whole scheme ‘as a terrible attack upon the people’s standards...an attempt to enrich the capitalist at the expense of the workers’...” (Annual Register, 1948, pp. 37-9. The TUC support ceased official on 28 June 1950, in practice it had stopped about 6 months before.)

“Sir Stafford Cripps spoke on the second day (of

the TUC conference), asserting that if costs went up, real wages must fall. It was untrue to think in terms of taking from profits and adding to wages; corporate dividends totalled, after tax deduction, £320m, wages £3,260m and salaries £1,435m. A drastic cut of 25% in (distributed) profits would raise wages only 4d. in the pound.” (ibid, p. 46)

“On 15 May (1952) the Chancellor of the Exchequer (R. A. Butler) gave a warning to representatives of trade unions and employers of the danger of inflation if new wage increases were granted. The export drive, he said, would be seriously affected and this would entail further import cuts which in turn might lead to considerable unemployment.” (Annual Register, 1952, p. 39)

“On 25th. July (1957) the House of Commons debated the economic situation and the Chancellor (Peter Thornycroft) announced that, in spite of discouragement from trade union leaders, the Government intended to persist in its plan to appoint an independent council on prices, productivity and incomes.” (Annual Register, 1957, p. 36)

“On 5 September (1957) the Congress (TUC) agreed with acclamation to a motion of Mr. Cousins, General Secretary of the TGWU, rejecting wage restraint in any form.” (ibid, p. 43)

“It became the custom in anti-Conservative circles to jeer at the Prime Minister on account of his recent electioneering slogan: ‘You’ve never had it so good’. The odd thing was—not odd to economists but to plain men—that we were still having it so good. Unemployment was at a minimum. The ‘working classes’...were always demanding more wages and usually getting them...We were consuming more than we produced...” On 25 July 1961, Selwyn Lloyd, Chancellor of the Exchequer, announced financial measures and at the same time said “in wages and salaries ‘there must be a pause until productivity has caught up’.” (Annual Review, 1961, p. 33)

“Mr. Brown’s White Paper on Prices and Incomes Policy (Cmd 2639) came out on 8 April (1965) to a barrage of hopeful publicity which left Mr. Brown himself visibly fatigued when he appeared on television at the end of the day. the intention after 5 months of discussion with employers and unions, was to set a ‘norm’ of 3-3½% for the average annual increase in money incomes. The permitted exceptions

were when employees accepted more exacting work to step up productivity, when the national interest required a particular distribution of manpower, when existing pay was ‘too low to maintain a reasonable standard of living’, and when a group of employees had fallen behind the remuneration of people doing similar work” (Annual Review, 1965, p. 19-20).

The difference between the 1972-4 Incomes Policy and all the others is that the Government and the capitalists are prepared to surrender some of their sovereignty in the economy to the working class.

“But we must recognise that this (the capitalist system) has only persisted because the majority have not been prepared to use their potential economic and political power against the prosperous minority...I believe that the fundamental situation is now changing. We have seen in the last two decades an arising consciousness of the power of organised labour. One can speculate at length on the reasons...Whatever the compound of reasons it is the facts we must face...I agree, therefore, that no final solution has been found to the problem either of restraining the totality of income growth or of settling the relativities between individual incomes. But I have no doubt whatsoever that we must return to the search as a matter of urgency. Unless we do this and unless we are prepared to cast aside all previous political and economic dogmas in order to meet a new political situation to which they have little relevance, we have no chance of success...I do not believe that policies of conflict will or can work. I do not think we can now redress the balance between the monopoly power of labour and the interests of price stability by individual measures.”

“You cannot solve the problems of a major social upheaval by economic mechanics alone...I suspect that the problems we are facing are not economic but political. Economic factors operate within a political framework and the old orthodoxies of economics, however coherent and self-consistent, may not apply in a changed political situation. What determines the course of a country’s society and its economy is fundamentally political power and how it is used.” (Reginald Maudling, The Times, 12.9.72)

“The proposals are essentially political. They are to be seen as an offer by the Government to do a socially fair deal in exchange for the unions giving up the present free-for-all. They go even

further than a once-off deal. This is an offer to the TUC and CBI to take a really effective share in the formulation of economic policy from now on.” (Economist, p. 12, 30.9.72)

At the Institute of Directors’ Annual Conference in 1969, Barbara Castle, at that time Minister of Labour, spoke:

“Her words were: ‘We have got to recognise, whether we like it or not, that real power now resides in the workshop and on the office floor. It has, if you like, returned to the grass roots from whence it came. We have got to accept, again whether we like it or not, that workpeople have a veto which they are increasingly prepared to exercise; in other words, that management these days can no longer function by the arbitrary exercise of traditional ‘prerogatives’, but only by winning the consent of its workpeople’ ...Among those listening to Mrs. Castle in 1969 there was a murmur of assent to this proposition, but a quite definite undertone of shock. For it put into blunt words, and appeared to welcome without reservation, a development that since World War II has led management in British industry to regard itself as increasingly powerless against first, the strength of the unions in conditions of full employment and second, the transfer of power from union officials to shop stewards and unofficial leaders operating outside the orderly, paternalistic system to which management was accustomed.” (Industrial Relations, the Boardroom View by George Bull, editor of The Director, Journal of the Institute of Directors, pp. 16-17)

On November 8 1973, Mr. Heath spoke to the same Annual Conference of the Institute of Directors:

“From the outset we made it clear that we intended to provide the prospect of steadily rising demand... We shall continue to depend heavily upon increased productivity as a source of rising production for some time to come, if we are to be able to meet rising demand at home and overseas...I should say that it will call for two things above all. It will call for continuing ingenuity and flexibility in management. And it will call for the co-operation and good-will of the shop floor—which in turn depends on an understanding of what is at stake...

“But that is the essence of such an arrangement

(tripartite agreements on prices and incomes and growth)—that individuals or sections of a society accept certain limitations on their freedom in order that the society as a whole may benefit. And we cannot expect people to accept these limitations and constraints unless they understand why they are being asked to do so. And so I come back to the point I made a few months ago. It may be at the national level of discussions between the Government, the CBI and the TUC. It may be at the company level, between the Board and union representatives. It may be at plant level, between the managers of a plant and the men and women on the shop floor...I am sure that it is true for government in this country today, that its authority depends upon its ability to explain to Parliament and to the public not only what it wants to do but also why it thinks it right to do it. This is certainly not a field in which I can in any way feel complacent about our success in this so far...

“They (the people) should be able to look to the Government to explain and justify its proposals and its actions by those standards (that they are for the good of society as a whole and at least broadly fair to individuals and groups within it). So, too, should it be in industry. Those who work in an enterprise are entitled to expect that its managers will seek to do what will benefit the enterprise as a whole, and is broadly fair to all the partners in it—to its consumers and customers, as well as to themselves as workers and to managers and shareholders. And they should be able to look to management to justify its decisions—whether on profits, on investment or on prices—by these standards...So I believe at company level, and at plant level, men and women can be brought to understand, if it is explained to them, why a healthy level of investment depends upon profits, and what therefore is the connection between the company’s profit margins and their own future employment and earnings. If it is explained to them.” (Financial Times, 9.11.73)

The Financial Times leader of the same day commented:

“The face of capitalism is clearly and rightly a matter of great concern to the Prime Minister. Having delivered his famous rebuke during the Lonrho case some months ago, he provided the Institute of Directors yesterday with some suggestions on how to make the face of capitalism,

human, pleasant and acceptable...Mr. Heath's definition of worker participation was that

'those who work in industry should be able to accept management decisions, because they have been consulted about them, can understand the reasons for them, and can feel that they have genuinely shared in the process of making them'...

"In nine management decisions out of ten the interests of employees may be identical with those of shareholders. But it is the tenth decision that creates the problem. However Mr. Heath and others may insist that the interests of employees should rank as high as those of the shareholders, the fact remains that within the present framework of company law, the ultimate sovereignty lies with shareholders...Since the links that bind a shareholder to a company are generally more tenuous than those affecting employees (it is easier to sell shares than to find another job), one may question whether the framework is entirely appropriate to the present climate of opinion. But there remains the difficulty of defining precisely what employee participation should mean and how the broader national interest should be taken into account. If this is to involve a fundamental shift in the way directors are meant to interpret their respective responsibilities to shareholders, employees and also to consumers, this will require the creation of a new legislative framework."

18. The capitalists are aware that their notions about "workers' participation" or "joint consultation" are to workers' control what the 1832 Reform Bill was to universal suffrage. Once the first step has been taken, transferring some sovereignty, it is merely a question of time—that is, of how quickly the working class develops to be able to assume full sovereignty. The logic of this gradual shedding of sovereignty is to avoid an interregnum—a period when the old order has lost its right to control and the new order is still unable to exercise that right in practice because it lacks the consciousness and experience.

The old order of capitalist sovereignty can no longer be maintained without the risk of major and persistent industrial disruption and decline. The sharing of sovereignty with the workers in order to secure continuing industrial advancement opens up a further perspective for the bourgeoisie. Their survival, and their social justification during a period of shared

sovereignty, outweighs for them the prospect that this period will end in a final loss of bourgeois sovereignty. Their leaders have long ago overcome the illusion that capitalism was an eternal social order, and their philosophy as a class aware of its historical transience is summed up in Keynes' remark: "In the long run we are all dead".

The Government and the Confederation of British Industry have been arguing against a law which sets down a formal, detailed division of right between management and worker. They favour instead a loose definition which could apply equally to the beginnings of workers' control and its full realisation. We see no reason to oppose them in this respect. A written constitution might initially deprive the bourgeoisie legally of more sovereignty than a more de facto arrangement. But this would only be because it conceded to the working class more legal sovereignty than it was capable of exercising.

An arrangement which establishes joint sovereignty without rigidly defining it allows for a progressive increase of working class control of industry as it becomes capable of exercising it, and a consequent decline of bourgeois power. And it would be entirely advantageous to the cause of socialism that working class sovereignty should reflect the growth of working class power and ability, rather than come through legal enactment from above.

It will still be necessary however at the factory and firm level for workers to negotiate detailed agreements with management about workers' control. Necessary because such detail provides a *modus vivendi* or contract by which production can be carried on. Such agreements will need to be renegotiated periodically as the workers are able and willing to take over more and more of the sovereignty within their firm.

19. It is thus probable that shareholders will continue to retain formal sovereignty over a firm, being formally required merely to share it with workers. The shareholders at present exercise little practical sovereignty over the firms they own. If a shareholder is interested in a firm whose shares he owns, he will either exercise this interest by coming to work for it as an executive or on the Board of Directors or simply become a well-informed amateur, aiding capitalism in general by helping to form public opinion. The conscious direction of capitalism is at present undertaken by the salaried and hired executive

and manager, aided in Britain by a section of the ever-diminishing rentier class who take an active interest in their money and are good enough at it to be put on Boards. These men act in the name of the shareholders just as the Prime Minister and Cabinet act in the name of the Queen who is still the constitutional sovereign. If the hired executive owns shares in his firm, this ownership is the result of his job, the job is not the result of owning shares.

20. The workforce in a factory are in a much better position to exercise active control and sovereignty over management than are shareholders. The workforce know the production process with greater intimacy than directors or executives and are more likely to make intelligent innovations in it than are directors and executives.

21. In other areas (how much investment to make for 10-20 years ahead; whether a new product should be introduced; how much should be produced; how to deal with bottlenecks in supply and distribution) the experience of the production process is of no help. In these areas the knowledge which managements today undoubtedly possess and are continuing to develop will need to be taught to the workforce just as in the early 19th. century mechanics institutes taught science and Ricardian economics. These management prerogatives (prerogatives because they are at present unchecked by their legal sovereigns, the shareholders) will cease to be prerogatives only when the workforce is able to judge them. For this, knowledge is necessary. Since Capital was written, the capitalists have become much more conscious of what they do as capitalists and therefore much more able to control it. For example a new product is not produced until research has shown that there will be a certain level of demand for it.

22. The owner of a firm only controlled it because he was also its chief executive: he performed "*in person his function as manager of the production process*" (Capital, volume 3, p. 285). "*It (the joint stock company) is private production without the control of private property*" (p. 429). This is why all schemes for worker-shareholding are irrelevant and diversionary. The only practical relation between shareholders and firm is that between creditor and debtor. At present the effective rulers of a firm are its Board of Directors and management. A glance at these Boards and management is sufficient to see that

their members are men who have worked their way up from the shop floor (Lord Stokes, Chairman of British Leyland and Sir William Batty, Chairman of British Ford, started in these companies as apprentice engineers), and men who began as technicians and scientists, at least as often as they come from the rentier class. The knowledge needed to run a firm is now available to anyone who is interested, from books, newspapers and specialised periodicals. This availability makes effective workers' control possible since neither ruling class reflexes nor gut bourgeois instinct are any longer necessary to run a firm.

23. Marx, Engels, Lenin and Stalin all stress the necessity for the socialist state to retain bourgeois managers and ex-factory owners in their executive positions after the working class has taken state power and the transition to communism has begun. This is because the working class would be ignorant of how to organise and administer production (quite logically as the class had never had to do so and such knowledge is not innate to any man). Until the working class had gained the necessary knowledge, these bourgeoisie would have to continue to occupy positions of responsibility and power. This of course increased the chances of sabotage and counter-revolution as the bourgeoisie would be in an advantageous position from which to organise either.

24. The Russian experience, while it is of great value to the general development of working class politics, is of more limited value to the investigation of the particular question of workers' control. It was not the exhaustion of the potentialities of capitalist economy that led to the socialist revolution in Russia, but the failure of bourgeois politics in a country that was economically ripe for extensive capitalist development. Learning from West European experience the small industrial working class in Russia developed a more capable political party than the bourgeoisie, and took political power in a country whose general economic and cultural conditions were more appropriate to capitalist than socialist development. Furthermore, the small working class that existed in 1917 was disrupted in the civil war and the war of intervention during the following years, so that it had been '*declassified*'. In 1921 there began the development of a new working class out of the peasantry under the tutelage of a socialist state (which included large numbers of the old working class). Circumstances dictated that a system of "*one man management*" be operated in factories. During the

Stalin period this system could not be superseded. No sooner had a modern industrial economy been built than another massive disruption was caused by the Nazi invasion.

The truth of Marx's statement that no mode of production disappears until its economic potential has been exhausted is being borne out in Britain and in the world economy as a whole. In Britain workers' control within capitalism is being put on the agenda by the very development of the capitalist economy. This means that the British working class has to deal with a situation that did not occur in Russia because of the political failure of the bourgeoisie while the capitalist economy was in its infancy: hence the limited value of the Russian revolution in clarifying this question of workers' control.

25. One gain for the working class from workers' control would be to minimise considerably the need to retain capitalists in positions of power after the taking of political power. Because the working class themselves would possess the skill to administer production, the capitalists could immediately be demoted into the ranks of productive labour. Such bourgeois personnel as it was necessary to retain would have a hard time organising the sabotage of production because their decisions and performance would already be subject to routine scrutiny by their workforce. The effect of workers' control must be to substantially lessen the possibility of counter-revolution.

“The co-operative factories of the labourers themselves represent within the old form the first sprouts of the new, although they naturally reproduce, and must reproduce, everywhere in their organisation, all the shortcomings of the prevailing system. But if at first only by way of making the associated labourers into their own capitalist, that is, by enabling them to use the means of production for the employment of their own labour. They show how a new mode of production naturally grows out of an old one, when the development of the material forces of production and of the corresponding forms of social production have reached a particular stage.” (Capital, volume 3, p. 431)

26. It is a fact that the capitalists intend to introduce a sharing of sovereignty with the working class in Britain. The question which faces the working

class is not whether to demand workers' control, but rather what form of workers' control to demand and what action is necessary to gain that form. Workers' control cannot be effectively resisted by the working class because there is no class basis from which to resist. Like piece-rates, the capitalists intend using workers' control to guarantee a minimum level of productivity. Instead of a material incentive to ensure a certain level of output, there is instead to be an appeal to reason and the placing of responsibility for the firm's continued existence in its workers' hands. The failure to maintain productivity under workers' control will not be due to the boss, because he will be answerable to the workers. The only class basis for resisting workers' control would be to hold that the working class will force themselves to work harder, lengthen their own working day, be more heedless of their own welfare than the capitalists.

27. Workers' control will aid the development of politics. An increasing amount of capital accumulation is being undertaken by the state; and in addition taxation and public credit are being used to induce private capitalists to make new investments, continue production, or seek new markets. In Britain, state accumulation and concessions to private industry must seek and obtain parliamentary assent. At present such assent is not effective control by Parliament. The absence of effective parliamentary control has alarmed a section of the British ruling class whose habits and reflexes make them chary of decisions taken in the name of Parliament which are not publicly debated and fought out between the parties, in the press of both classes. The former de facto head of the civil service, Sir William Armstrong, appeared on television in the summer of 1973 to speak of his concern for a return to the floor of the House of decisions about “*public money*”.

28. The difficulty of implementing such a change is that any mere change of parliamentary procedure or form would alter nothing. All the talk about curing the present decline of Parliament and recouping its loss of power by reform is beside the point: Parliament will be unable to exert effective control over “*public money*” until the public has a reason for controlling it, an aim to be achieved in taking action. At present public money is doled out by Parliament and the Government as and when the vicissitudes of the market induce either capitalists or workers to demand it as their right and for the good of the economy. The aim achieved

in granting the money is primarily one of stability—ensuring that things are able to go on as before while making the few necessary changes as painless as possible.

Thus was each docker who made himself voluntarily redundant given £4,000 in summer 1972; or each employer in Lancashire who was paid for voluntarily scrapping 150 year old spindles and looms in 1959. When the people who elect MPs have only these limited political aims—job security, continuing production the same as always or being helped to do so if short of profits—then it is not surprising that Parliament lacks power to do anything more than sanction such piecemeal demands for money as and when they occur from those sections of the working class or capitalists who are best placed to exert political pressure. Nor is it surprising that a section of the capitalists, civil service and party (Conservative and Labour) leadership should defend the encroachment of the civil service on such decisions on the grounds that someone must judge these demands for public money on a criterion apart from political pressure, because the needs of an advanced capitalist economy must be met, and these needs may not necessarily coincide with what sections of either class want.

29. It should be said that the Labour Party leaders have always been in favour of civil service control of public money on principle; the others are purely pragmatic in their conclusion, seeing no other source for such judgements being made. The Labour Party leaders have this principle from the old habit of the socialist movement which saw decisions about the economy (in effect socialist planning and administration of a wholly “*collectivised*” economy) being taken by a bureaucracy of socialist experts. Such a vision was arrived at because no socialist believed that the knowledge or understanding necessary to take such decisions might be available to the working class.

Thus the function of the working class in bringing socialism seemed to the Independent Labour Party leaders and Fabians to be to vote Labour so that socialist laws could be enacted and a socialist civil service could be established and put to work. It must be recognised that because the working class in the inter-war years did not possess the interest or the ability to either plan or administer production itself, this view was realistic in seeing legislation and administration coming not from the class itself

but from its leaders as being necessary for socialism. The Communist Party of Great Britain drastically underestimated the need for such provisions, adopting the attitude that such things were bound to fall into place after the Revolution had occurred, so that there was no need to think about them. What the ILP leaders and the Fabians ignored was the fact that the capitalists would struggle against socialist enactment and socialist bureaucracy. The working class would be forced to do more than vote if such advances were to survive capitalist pressure. The working class would have to apply stronger pressure and would certainly be unable to do so if its leaders were not prepared for such action.

30. However, the present inevitability of some form of workers’ control, whether the “*Left*” wish it or not, will radically alter the situation from one where the working class know very little about the laws of capitalist production into one where the working class will be able to know what actions need to be taken to regulate market forces by the conscious working of the law of value. Just as under workers’ control it will be normal for the working class to decide that a new technique is operable and worth investing in within one factory or firm, so it would be extraordinary if the experience of taking such decisions did not affect the working class’s political demands of Parliament. The residual powers which Parliament now possesses but wholly delegates to the Cabinet and civil service will be retrieved because Parliament will be capable of exercising them—the public will demand the opportunity to debate and form an opinion on them. For the first time economics will become part of democratic politics because the working class will all be economists in their working lives—responsible for the economic decisions of their factory and firm. (This is obviously equally true for an Incomes Policy. Decisions about what should be produced, capital or consumption goods, and how much a section of workers should be paid, will already be being taken at the factory or firm level by the workers themselves and will be reflected in the negotiating of an Incomes Policy by the whole working class.)

For the working class, deciding how public money should be spent is now a matter of which section of workers can exert most political and economic pressure on the class as a whole. For instance, the UCS workers were better at exerting political pressure on the working class than the Triumph workers have been. With the experience of workers’ control, the working

class will be able to take such decisions on the basis of the practicality of each rival request for money, the long terms interests of the working class, and whether each request helps to meet the necessary requirements for the economy's continued growth. Working class representatives in Parliament will have to reflect that decision or lose the class's confidence.

31. This change in the ability of the working class to organise and administer the economy through being able to effectively exert control over its representatives means that economic issues become political issues in the strict sense of political, that is, an aim capable of being effected by political action. The question of a transition from capitalism to communism becomes one which the working class will find from its own experience that it is able to undertake.

No longer will socialist parties view themselves as holding ideas in trust for a working class incapable of grasping them; these same socialist parties will now be forced to argue for and justify this same sacred trust on their party programme's economic merits. And indeed, in consequence, these ideas will be forced to become less abstract and theoretical and rhetorical and more practical. Their function will cease to be hortatory—to inspire awe and moral fervour—and will become more mundane, that is, capable of being achieved.

The B&ICO for one will welcome this enforced change because we are thoroughly fed up with the socialist heroics that never deigns to explain what relevance it has to the workaday world, and the pristine chasteness of the intellectual Left's scholasticism which passes for theory. The bourgeoisie's first attempts to take control of the productive forces and direct them gave rise to a veritable torrent of political economic thought (Petty, Smith, Ricardo etc.) which could break new theoretical ground because there were new practical developments. Workers' control will give rise to much relection within the working class. Until the changes of workers' control with the new ability to control the productive forces lead to a desire on the part of the working class to achieve new aims, any theorising about the shape of communism must necessarily be abstract and limited in its effect. As for theories of capitalism, the bourgeoisie have clearly outdistanced Marxists in their ability to use Marx's political economy. The greatly increased ability to measure the market forces and act on the basis of measurements in choosing how much to produce and what to charge

without waiting for these to express themselves wastefully and inefficiently in real competition have made the possibilities open to workers' control much greater.

WORKERS' CONTROL AND TRADE UNIONS

32. Trade Unions in Britain arose before working class political organisations, and indeed it was the trade unions who provided the resources for establishing the Labour Party. The Labour Party has existed for 73 years, while trade unions have been part of working class life for nearly 150 years. The trade union in Britain was seen by the working class and accepted by the capitalists, after 70 years of working class pressure (piecemeal and spontaneous at first, but after the 1820s, persistent, organised and conscious pressure), as a voluntary representative organisation which spoke for workers not just about wages or hours, but also about Home Rule for Ireland and Mr. Disraeli's support for Bulgarian atrocities as well as about Russian despotism. It was the TUC which was responsible for the enquiry that led to the 1944 Education Act and also for the enquiry that became the Beveridge Report. While in France, Germany and Italy these activities and role were filled by Social Democrats and Communists, in Britain it has been the trade unions.

33. The jobs which trade unions were organised ot do—restricting the labour market to secure employment in bad times and bid up wages in good ones; resisting encroachments on the standard wage, hours of work and pace of work—have been rendered routine and very light work indeed by Keynesian fiscal policies and then by Incomes Policy and perhaps even more by the capitalists learning from experience that it was more profitable to negotiate and consult workers and improve their working conditions than to lengthen the working day and pace of work. However, in Britain, because trade unions have an established place as the spokesman of the working class on political and social and economic affairs, it is perfectly understandable that they should continue to be seen and treated as voluntary, representative organisations by all politicians and the press.

34. The reality is that the working class has not

participated in trade unions as a class since 1945. It has had no need, since the small minority who are very interested in trade unions are now perfectly adequate numbers to do all the jobs and gain all the demands which the working class require. Further, the working class can control that small minority perfectly adequately when it acts on its own initiative to gain something the working class don't want at all, e.g., the GEC-AEI shop stewards' failure to have a work-in to protest against redundancies in the winter of 1969 or the GMWU's remarkable overnight conversion to militancy and democracy after being vilified and deserted by the Pilkington workers in their unofficial strike of summer 1971. It is an established relation between "*the people*" and "*the representatives*" (in this case, shop stewards, branch officials and other interested workers) that at such times when "*the representatives*" consider "*the people*" are necessary to carry the representatives' demand with the employers or to defend a threatened principle or privilege, "*the people*" down tools and withdraw labour. With 150 years of experience and reflection about trade union action for these aims, British workers are quite capable and do judge for themselves whether their representatives have made the right judgement in calling a strike or urging a strike's continuation. The defeat which fell to the miners' leaders who called for strike action against the Government and Phase II in the ballot in January 1973 or the failure of the AEU to sustain its campaign of militancy in the summer of 1972 are examples as telling and weighty as the successes of militants like Fords in 1968 or the miners' strike in January 1972.

35. While the working class has been quite prepared to keep its trade unions going, because in the light of its experience they are doing necessary work for it, it has ceased to participate in trade unions in the debating of political and economic and social issues—quite naturally, since it has stopped going to trade union meetings. This has made trade unions notoriously unreliable in their role as accurate gauges of working class opinion. But, with no other alternative, politicians and the press have continued to take the trade unions as a gauge, because the British parliamentary system would simply seize up if there were nothing which could be taken as working class opinion.

36. The institution of workers' control is going to mean that the working class is faced with being a party to decisions some of which it will know nothing

about and others where it will know much but be in the habit of letting the employers do the dirty work (for instance, disciplining workers who disrupt or impede production; making provision for safety). consequently it is extremely unlikely that the class will entrust "*its representatives*" of the trade unions to undertake these new jobs for it with the same freedom of action that they enjoy in trade union matters. Only when the class feels itself competent to judge its representatives' actions will it allow that much latitude and cease participating in workers' control as a class. Until then workers' control is likely to become as much of a hothouse of reflection, debate and experiment as the trade unions were 150 years ago. It is likely to contribute as much to the political development of the working class acting for itself in pursuit of definite aims as have the trade unions.

37. Until full workers' control is achieved, the relations between trade unions and the workers' representatives in management will be laden with difficulty, particularly because trade unions will have a vested interest in claiming that the workers' representative has sold out to management and is therefore not to be trusted—the trade unions thereby magnify their own importance. Because of this, it makes sense to bind the trade union to the workers' representatives in management in some way, thereby forcing the trade union to be a participant in the workers' appraisal of the representatives' actions. One way would be to require every representative to be a trade union member in any firm where trade unions have negotiating rights, but specifying that a representative is not responsible or answerable to his trade union branch or trade union officials above him for his actions. As a representative he is answerable only to his electors—the workers in his factory or firm. (This is in practice the position of a shop steward in Britain and it is probable that many shop stewards will become workers' management representatives—though it should most definitely not be a precondition. Because trade union membership in firms where trade unions have negotiating rights is usually 100%, this condition grants no favouritism to one section of workers over another, while reserving to the trade unions their own position.)

38. The trade unions passed at the 1973 TUC the first statement on workers' control by the trade union movement since 1949. Coming after a complete silence of 25 years in which the possibility existed of the working class gaining large measures of workers'

control if given a lead by the trade unions, this statement can justifiably be termed not a result of trade union initiative but rather a reaction to the moves by the Government and CBI, moves which had the clear intention of introducing workers' control in Britain.

The TUC statement (in the form of an interim report on Industrial Democracy by the General Council) shows that the TUC views workers' control from a class viewpoint and is only interested in workers' control insofar as it increases the power of the working class to influence decisions.

“88. It is a basic function of trade unions to obtain a degree of joint control through representation at the point at which decisions affecting workpeople are made. It has long been the case that trade unions at all levels have influenced managerial decisions, and the need for greater influence has been recognised. Logically speaking, there is not a major barrier to be broken down which prevents trade unions from participating in major decisions within the present system, because they already do so. The extension of joint control or joint regulation in any form, including collective bargaining, is a de facto sharing of the management prerogative. However, this has not extended to the point where management are formally responsible to workpeople in the same way as they are to shareholders.” (Interim Report, p. 35)

However, the interim report shows itself more interested in preserving the existing trade union structure intact for all time than in developing the ability of the working class to take full control of production. The report comes out decisively against works councils and instead supports an extension of the scope of *“the present structure of collective bargaining machinery to bring into the field of negotiations matters which are currently outside collective agreements.”* (p. 28)

It is clear that the development of works councils would provide for the regular assemblies of workers and public debate cited in paragraph 9 of this policy statement as a necessary condition for workers' control. It is also clear that such works councils would tend to erode the jurisdiction of individual trade unions and instead develop the power and ability of the shopfloor. It is possible that this might create a desire for industrial unions in the working class as being the most logical reflections of their existence.

In the same way as the trade union officials resisted and fought the shop stewards during World War I because the shop stewards limited the officials' power of initiative by giving a definite voice to the working class views at the shop floor, so the TUC in 1973 is resisting the first hints that such a development at the shop floor could be taken further through works councils. In Britain trade unions are organised on a craft basis (the AUEW and the Boilermakers) and on a general or amalgamated basis (the TGWU or GMWU). There are only two industrial unions (the NUM and the NUR). This means that in each factory there is great concern by union officials to protect the jurisdictional rights of each union. Plant bargaining and shop stewards combines have begun to overcome such divisions. Works councils would increase the workers' ability to overcome them. In factories and firms where trade unions have negotiating rights, it makes sense to constitute the works council under trade union auspices—the auspices of the factory shop stewards committee which includes shop stewards from ALL trade unions in the factory. Elections for workers' management representatives would be conducted in the works council. The works council is merely the logical extension of the factory meetings already called by shop stewards committees everywhere to explain a dispute or air a grievance. The TUC by opposing works councils shows itself more interested in trade union *“property rights”* than in workers' control.

Until and unless the TUC, trade union officials and shop stewards show that they are more interested in what the working class can gain from workers' control than in preserving their own jurisdiction, the working class will get no positive help or lead from that quarter in relation to workers' control. The trade union movement must do more than react to the proposals of the bourgeoisie about workers' control if the working class is to take it seriously as having the working class's interests at heart. The trade union movement must take the initiative in organising the working class to take control over production. If it does not do so, then the class will simply be forced to look elsewhere within its ranks for leadership.

WORKERS' CONTROL AND THE FUTURE

39. Workers' control is obviously not just another management device for ensuring increasing

productivity and ensuring production. It has only become a practical way to ensure these things because the working class are literate, accustomed to reasoning, accustomed to taking conscious action for definite aims, and socialised in an industrial culture where science and a material relation to the world are taken for granted. It would be foolish indeed to jeopardise production by vesting responsibility for it in less capable hands. For when the vesting has taken place, there will indeed be no recourse left for capitalists but reason. The use of force and the abuse of his place by a representative of the people against the people has been defined as tyranny by Europeans since they began to think about the Bible. A workers' management representative who becomes a tyrant is very likely to face the same fate that has always come to tyrants in Europe.

40. What then will remain for the working class to struggle against? Will there be any capitalists left? Capitalism is determined by the operation of the law of value within a market, which market provides for equalisation of rates of profit, wages, exploitation, interest amongst the workers and rentiers. Insofar as the owner of a firm from the late 18th - mid 19th century acted for his firm on the basis of the limits and options which the market and its workings determined for him, Marx calls him capital embodied, a capitalist.

“We have seen that the growing accumulation of capital implies its growing concentration. Thus grows the power of capital, the alienation of the conditions of social production personified in the capitalist from the real producers. Capital comes more and more to the fore as a social power, whose agent is the capitalist. This social power no longer stands in any possible relation to that which the labour of a single individual can create. It becomes an alienated, independent, social power, which stands opposed to society as an object, and as an object that is the capitalist's source of power.” (Capital, Volume 3, p. 259)

From the 1850s with joint stock companies and the creation of a labour market for managers from bankrupt entrepreneurs, managers came to be capital embodied, since it was they who employed the shareholders' capital—who evaluated the market and acted on their judgement. The owner of the capital was no longer its real incarnation. Marx and Engels saw in the joint stock company the beginning of the end of capitalism precisely because it was the beginning of

the divorce of ownership and control.

“The capitalist stock companies, as much as the co-operative factories, should be considered as transitional forms from the capitalist mode of production to the associated one, with the only distinction that the antagonism is resolved negatively in the one and positively in the other.” (Capital, Volume 3, p. 431)

With workers' control, the shareholder will cease to have even vestigial rights of control. The workers will be capital embodied. The transition from capitalism to communism will come as Marx and Engels and Lenin and Stalin were always careful to state it would—when the working class is able to supersede the law of value and the function of the market by conscious social determination and able to implement that conscious social determination without hindrance from a state machine.

41. Will government continue to have a function under workers' control? Most emphatically, yes. It will be needed to use the coercion of society as a whole against sections of it who are attempting to act in their own narrow sectional interests (what Marx calls *“the performance of common activities arising from the nature of all communities”*, Capital, Volume 3, p. 376), as well as to reflect and oversee great movements forward by the society or reflect a resistance to progress when the society is temporarily out of breath. The problem of sectionalism is a continuing one. Thus there is no reason why steel workers under workers' control would not resist the introduction of aluminium as a substitute for steel and present perfectly scientific arguments about the superiority of steel over aluminium. The two industries could struggle against each other and hold society to ransom by each going out on strike unless the other were stopped from producing. To enforce society's interests, a government is necessary. At present the government has the confidence of the working class as being the body which governs society. If that body still enjoys their confidence when workers' control has been achieved, then it will still govern.

42. It is obvious that the development of workers' control from the point where the workers' right to be consulted and to veto management decisions is merely acknowledged and the shareholders retain the semblance of greater sovereignty, to workers' control where the workers are the sole sovereigns will

be uneven. In industries where labour is casual or not in the habit of exercising power in trade unions, it is likely to proceed slowly and also to encounter much opposition from employers. In industries where trade unions are strong and where management take a decision which the majority of workers consider tyrannous (e.g. Dennis Poore's decision to close the Triumph factory; UCS's decision to close, etc.) workers are likely to take full sovereignty for themselves immediately such a decision is announced.

WORKERS' CONTROL AND THE LEFT

43. To our knowledge, no working class organisation has ever opposed workers' control. However, there has been a history of protracted controversies amongst working class organisations about workers' control. The legacy of these controversies for the present generation of workers and communists has been an ambiguity about workers' control.

44. Syndicalism became known as a political tendency with a name when the French took it up in the 1890s. Prior to that time, English workers had attempted to practice it without giving it a name. (William Lovett became the storekeeper of the first London Co-operative Trading Association which had been established in 1828. Lovett estimates that between 4-500 similar associations were established in Britain at this time. See "The Life and Struggles of William Lovett", p. 33) French syndicalism (which influenced the rest of Europe) held that control over the production process by the workers would mean the end of capitalism. The one and only condition for communism was workers' control.

45. The main opposition to the syndicalists then was that they ignored the existence of a state which was controlled by the capitalists and which would never allow such an event to occur. The state must be smashed and a workers' state constructed before workers' control would be realistic. In this, critics in Europe were certainly correct. It took the upheaval of World War I to convince even a section of the capitalists that workers' control was necessary.

46. However, in making the criterion for rejection of workers' control the impossibility of its

implementation, the critics of syndicalism neglected to deal with the assumption that workers' control over the production process was sufficient of itself to lead to communism. This omission is important because the logic of syndicalism is that it is the fact that capitalists organise production which makes it capitalist. This implies that capitalists when organising production do so not because impelled by the laws of capitalist production, but out of preference or choice.

Yet, in practice, it was just these laws which caused the failure of the English experiments. By abolishing money, and exchanging their products via the issuing of certificates for the labour time spent in producing each article, the workers in London, Birmingham and Manchester hoped to be able to earn a living wage. After all if one worker could work for 8 hours and exchange his products for those of 8 hours of other people's labour, no-one should gain more than he earned through labour and all live in harmony with each other.

"I was sanguine that those associations formed the first step towards the social independence of the labouring classes...I was induced to believe that the gradual accumulation of capital by these means would enable the working classes to form themselves into joint stock associations of labour, by which (with industry, skill and knowledge) they might ultimately have the trade, manufactures and commerce of the country in their own hands." (Lovett, pp. 33-4)

In each place this system soon broke down and money re-established itself. What caused its breakdown was that each individual worker's labour time in producing an article for exchange cannot remain inviolate and absolute (this is equally true of an individual factory). Competition determines how much labour is socially necessary to produce an article and it is only through competition that the law of value can operate and continue to give rise to technical innovation, increased productivity and capital accumulation. The *"direct exchange"* of labour time leads to competition, the operation of the law of value and the consequent development of the productive forces, unless obstructed by guild organisation. The English workers believed that it could lead to a co-operative commonwealth if given its head. When it did not, they returned to attempts to restrict competition and control the labour market in trade unions.

47. *"Without the factory system arising out*

of the capitalist mode of production there could have been no co-operative factories. Nor could these have developed without the credit arising out of the same mode of production. The credit system is not only the principal basis for the gradual transformation of capitalist private enterprises into capitalist stock companies, but equally offers the means for the gradual extension of co-operative enterprises on a more or less national scale.” (Capital, Volume 3, p. 431)

The credit system makes the total capital of a society available to producers. One factory is not limited to its own profits for investment, it can draw on the wealth accumulated by the rest of society. This is the direct opposite of the direct exchange of labour time. Instead of exchange on the basis of equal labour time, it is exchange on the basis of the most profitable labour saving: only that is sold and produced which is the most efficient user of capital and labour. Marx clearly assumed that workers’ control would be practised on the basis of recognising the laws of capitalist production.

48. S. and B. Webb were the only ones to attack syndicalism on the basis that it ignored or was unaware of the existence of the law of value. They pointed out that if the miners were allowed to organise their production according to their democratically arrived at wishes and town gas workers practised the same “*democratic right*”, society might be faced with too much coal and town gas and not enough cotton and machine tools. S. and B. Webb were not in favour of the market and competition deciding these questions. They wanted society to consciously operate the law of value through a new parliament where workers would be represented, not according to occupation, since what you worked at had nothing to do with what things you wanted to consume.

49. Because no-one on the Left has taken up S. and B. Webb’s attack, syndicalism remains at the level of denying the laws of capitalist production. Syndicalism will continue to be a “*natural*” reaction of a working class which is newly proletarianised—fresh from the farm, or ex-artisan. Because all his life the new proletarian has been able to produce enough to feed and clothe himself and his family, he cannot believe that 10 hours of his labour should not bring him the means to subsist. Further, he has always worked when and how he thought best; the necessity for working to suit the maximum use of machinery is to him

incomprehensible.

50. However, once a working class has been proletarianised for some generations, they learn by experience to accept the laws of capitalist production as given and do not waste their energy in attempting to act as if these laws were not there. Moreover, they find that within those laws it is possible to act and achieve the aim of a living wage. It is no accident that syndicalism has had most influence in each nation of Europe at the period when its peasants and artisans were becoming proletarianised. There is a direct connection. Moreover, as each new wave of migration proceeds, syndicalism must be tried and rejected by experience. Thus England has had no proper syndicalists amongst its working class since the 1830s (the Webbs characterised the British “*syndicalists*” of the 1890s - 1910s as getting support from an increasingly educated and politically interested working class who would not be treated as if they had no reason and would no longer accept mere orders) while May ‘68 in France and Italy’s Hot Autumn of 1969 were direct evidence that these nations had indeed seen a population shift from farm to factory since the mid-50s unequalled in magnitude in their respective histories. Just as certainly were the general strikes in which Rosa Luxemburg saw so much in Germany and Austria in the 1890s evidence of the same thing.

51. When the Left talk of workers’ control they are trying to reawaken the primeval syndicalist responses in a much too old and realistic working class. It must be said that no advocates of workers’ control on the Left today have faced up to the necessity of recognising the laws of capitalist production as incapable of being changed by democratic will alone. They thus logically fall victim to the errors of syndicalism in believing democracy at work will abolish capitalism.

52. It is hardly surprising therefore that these advocates of workers’ control have had no effect on the working class whatsoever. In fact, workers’ control first appeared as practical to this generation of workers in spring 1971 when militant shop stewards organised a work-in which had the aim of securing government aid to prevent the shipyards closing. The workers at UCS showed that they believed themselves to be sovereign by demanding the resources of the nation (that is, the capital of all society) be made available to continue what they considered to be a potentially

profitable undertaking, though the management did not. The UCS shop stewards acted on the basis of reality:

(1) accepting that production must be profitable;

(2) accepting that it was impossible to go it alone, outside the already existing exchange and credit relations and indeed recognising there was no sense in even trying to do so.

It was not syndicalism but sheer pragmatism which determined the actions at UCS.

53. The Communist movement has never placed great significance on the benefits for the working class in measures for workers' control being taken by employers or the government. In fact, there has even been hostility to such measures because they have been seen by Communists as obscuring the class struggle, of being "*the sugar coating on the bitter pill*". The assumption on which this hostility is based is that the taking of political power by the working class would only be possible if the capitalists behaved as badly and oppressively as possible. Once capitalists began behaving as intelligent capitalists, the game was up. Further there was an assumption that the only basis from which the working class were capable of asserting their class interests was out of oppression and hardship. If oppression and hardship kept diminishing as capitalism developed, this would render the working class impotent against the capitalists, who would then enslave the class with ideology and the good life instead of hardship, rendering communism a mere dream.

54. When the term 'workers' control' is used by Lefties their intention is to maximise the syndicalist aura of the term, taking care never to define what exactly they mean. These men required all the mystery of the syndicalist aura to excite the masses. It makes the Left think they are saying more than meets the ear; makes the requisite obeisance to hallowed proletarian tradition; while committing the speaker to no definite aim or course of action.

55. Workers' control when stripped of this syndicalist aura is subjected to criticism by the Left on the grounds

(a) that these measures are a matter of indifference for the working class because they do not bring the end of capitalism any nearer

or

(b) they are divisive for the working class because they will make it capitalist-minded, that is, interested in the fortunes of their firm, when instead they should be longing for an end to capitalism in general.

Therefore they conclude the measures should be opposed.

56. It is hard these days to get a bald admission of opposition to workers' control as defined in the last paragraph from the Left. Opposition is expressed in the Left's insistence on seeing every political act of the bourgeoisie as an attempt to increase the level of oppression and hardship of the British working class. It follows that the working class cannot think about workers' control until it has fought against and defeated these attempts by the capitalists to impoverish the working class. For the working class to adopt such a course of action would make sense and be necessary if such attempts were being made and succeeding. But it is a fact that the working class's standard of living has been rising for 30 years. And it is also a fact that the threat to the working class is now coming from the firm's failure to invest and the manager's inability to organise production efficiently. The capitalists propose to meet these two threats (since they are equally threats to capitalism) by incomes policy and workers' control.

The Left's assumption of ever increasing impoverishment is held for reasons of faith which make its actual truth quite beside the point and a mere irrelevance. The reason for such an assumption is not that it reflects reality correctly, but rather that it is necessary to keep the revolutionary spirit alive, which the Left believe will be quenched if the working class were not being progressively impoverished. The Left has failed to convince the working class of this doctrine of greater and increasing oppression. The socialist groups in Britain before World War I had more members and made a greater impact on the working class than has the left since 1945.

57. The Left cannot cite where Marx, Engels, Lenin or Stalin ever state the view that capitalism

would only be overthrown when the working class had reached a point of absolute impoverishment or misery. This is because none of them ever made such statements. These four were aware that increased impoverishment and oppression were necessary results of capitalist production with its tendency to extract absolute surplus value (by lengthening the working day, increasing the pace of work, lowering wage-rates by employing child-labour and women) and to immiseration by creating a pool of labour in excess of its requirements by which to keep wages as low as possible. They also know that such tendencies could be counter-acted by the conscious political action of the working class and by the development of capitalist production. Marx shows in Volume 1 of Capital how such tendencies carry with them the NECESSARY counteracting tendencies to resistance in the working class.

“Capital is reckless of the health or length of life of the labourer, unless under compulsion from society...The establishment of a normal working day is the result of centuries of struggle between capitalist and labourer.” (p. 270)

“However, the principle (of the regulation of the working day within what Marx calls not only physical but moral bounds) had triumphed with its victory in those great branches of industry which form the most characteristic creation of the modern mode of production. Their wonderful development from 1853 to 1860, hand-in-hand with the physical and moral regeneration of the factory workers, struck the most purblind. The masters from whom the legal limitation and regulation had been wrung step by step after a civil war of half a century, themselves referred ostentatiously to the contrast with the branches of exploitation still ‘free’.” (pp. 295-6)

“...from the mere connection of the historic facts before us, it follows:

“FIRST. The passion of capital for an unlimited and reckless extension of the working-day is first gratified in the industries earliest revolutionised by water-power, steam and machinery...The changes in the material mode of production and the corresponding changes in the social relations of the producers gave rise first to an extravagance beyond all bounds, and then in opposition to this called forth a control on the

part of Society which legally limits, regulates, and makes uniform the working-day and its pauses...

“SECOND. The history of the regulation of the working day in certain branches of production, and the struggle still going on in others in regard to this regulation, prove conclusively that the isolated labourer, the labourer as ‘free’ vendor of his labour-power, when capitalist production has once attained a certain stage, succumbs without any power of resistance. The creation of a normal working-day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working class...The English factory workers were the champions, not only of the English, but of the modern working-class generally, as their theorists were the first to throw down the gauntlet to the theory of capital.” (Marx here refers to Robert Owen, as he tells us in a foot-note to this sentence. pp. 298-9)

(The pool of surplus labour disappeared with the second world war and the use of Keynesian fiscal measures. Since then capitalism’s demand for labour has outstripped the supply in Europe and the state in Britain has been unwilling to risk reaction from the working class by importing more than a limited amount of labour from elsewhere.)

In fact Marx is careful to explain that the predominant tendency as capitalist production advances is for the extraction of relative surplus value. The worker yields more surplus value not because he works harder or longer but because he has more machinery to help him! Marx defined exploitation as the amount of surplus value produced in relation to the amount of wages. Thus for Marx an increase in exploitation does not necessarily imply an increase in suffering; on the contrary in advanced capitalism he was clear that it meant simply that each worker had greater amounts of, or more efficient, machinery with which to produce. The advent of socialism will in fact only heighten the need for greater productivity in the working class; because this greater productivity will be necessary for socialism to develop into communism and it involves increasing amounts of machinery and more advanced techniques being adopted—both things which are identified with exploitation under capitalism. With socialism the working class will voluntarily introduce both things itself in order to continue developing the productive forces towards

communism. Marx and Engels' interest in workers' co-operative factories and the Communist Party of the Soviet Union's and Lenin's and Stalin's statements about the benefits of workers' control for the working class show that they were not indifferent or hostile to workers' control.

58. The ambiguity of the Left's views on workers' control is that, on the one hand, it cannot oppose workers' control with any reasons or evidence, while, on the other hand, it feels that workers' control would unnecessarily prolong capitalism (perhaps forever) by being the sugar coating. This ambiguity began actively to hinder the working class's interest during World War II and has continued to do so since then. Prior to that time, the question of workers' control was of not pressing urgency for the working class. Rather it had first to organise itself as a class capable of acting in factory conditions. It then had to secure its place in the fluctuations of the production cycle—that is, act to try to prevent wage cuts and maintain employment (in fact this problem intensified so that it came to eclipse all others for the working class in the 20 inter-war years). The working class had not shown a deep or abiding interest in workers' control up to World War II because it had other more important things to think and act about.

59. The Left's ambiguity has been a positive hindrance to the working class because at any point from World War II to 1972 (beginning of the Tripartite Talks) the working class could have demanded workers' control as the only basis for the Incomes Policy being tried by each successive government. By taking the initiative the working class would have been in a position to quicken the pace of implementation of workers' control (by making it easier for the conservative sections of capitalists to be whipped into line by the progressive ones). Such tangible signs of working class power usually have greater effect than when that power is presented as a logical result which is hypothetically inevitable by the capitalist

politicians.

60. Instead the working class's erstwhile Left mentors have spent all their energy in arguing the opposite, that threats to the right to work, and wage reductions are still the main danger to the working class. A slight variant of this is the argument increasingly used: that the working class has an abstract right to ever higher wages. This implies that there is no threat to working class survival today. That survival will somehow take care of itself. There is only abstract right to assert. The world has unaccountably become utopian and all things are always for the best. We assume that the Left uses this argument increasingly because the ridiculousness of maintaining that there is increasing impoverishment is becoming increasingly obvious. Believing that above all a collision course with the capitalists must be steered, the Left can only envision this collision coming out of abstract right, not material necessity. On the contrary, there will be no collision in Britain about abstract right to ever higher wages. The capitalists in Britain feel too certain of the essential materialism and will to survive of the working class to accept a collision with the working class about abstract right to ever higher wages. The capitalists are therefore proceeding to put the working class's materialism to the test by instituting workers' control. Workers' control will mean that every worker will be able to see for himself if the money is there for a wage increase. It will mean that changes in the production process will be argued to the workers on the basis of whether efficiency is increased by them. Workers will have to weigh up the advantages from greater output (more wages) against any disadvantages (more complex techniques requiring greater concentration and skill).

61. By its ambiguity the Left has hindered the working class's interests, since workers' control has been necessary for working class survival and development since 1945.

WORKER DIRECTORS **—THE BRITISH DEBATE—** **PART TWO**

Originally published in Liberty, journal of the Irish Transport and General Workers Union, in August 1976

by Manus O’Riordan

Last month we described how TUC General Secretary, Len Murray, proposed to the Annual Trades Union Congress in 1974 the adoption of a Report on Industrial Democracy which demanded the enactment of enabling legislation in order to provide for 50% worker representation both on supervisory boards within the private sector, as well as on the policy-making boards of nationalised industries.

Resolution No. 17 before that same Conference came out in opposition to any mandatory imposition of supervisory boards with worker directors. Len Murray maintained that there was no necessary incompatibility between that Resolution and the General Council’s Report, which was technically speaking correct, since the Report itself clearly held that the enforcement of any such legislative entitlement to 50% worker representation on the board ought to be a voluntary question decided upon by trade union members in each individual enterprise. The fact was, however, that the proposer of Resolution No. 17, Eddie Marsden of the Amalgamated Union of Engineering Workers, had made it perfectly clear that his purpose was to oppose in principle any concept of worker representation on company boards whatever the circumstances. Despite Len Murray’s hopes that the conflict of opinion on this question could be wished away by some technical reconciliation, the contrasting approach of Marsden and himself inevitably set the framework for the type of debate which followed.

W. Johnson, M.P. of the Transport, Salaried Staffs Association put the following arguments forward in support of Resolution No. 68 which called for a system of elected and trade union based worker directors for all nationalised transport boards:

“The trend in the 1970s is towards greater involvement in decision-making, and this trend must be reflected in the relationship between manager and employee, on the factory floor or in the office. It is no longer sufficient for management just to consult the trade union or staff representatives on plans they have already decided to implement.

What we need now is the right of working people to take part in the actual decision-making process themselves. Any such development might help to stop some of the more ill-considered proposals which management advocate and which often result in walkouts, stoppages and industrial chaos.

“If workers’ representatives were appointed to policy-making boards they would take part in decision-making which would go a long way towards the workers accepting, for example, new production methods, new techniques, re-organisation and major changes, because the workers would have their own colleagues on the board to make sure their interests were protected. A great deal of trouble today is caused by rumours spreading of changes which affect the lives of hundreds of thousands of our people. Much of this anxiety, worry and suspicion would be avoided if the workers’ representatives on the board knew about major changes, such as mergers, at the same time as the management and were part of the decision. I believe that the time is now opportune for us to go forward and take this vital step in industrial democracy.”

One particular problem arising from the question of board representation for trade unionists was tackled in the following manner by C. H. Urwin of the Transport and General Workers’ Union:

“On this question of sitting on boards, does it compromise the collective bargaining function? Well, it can or it cannot depending on just how you approach this question. But from a practical point of view, I have experience with other trade

unionists as a representative on the National Freight Corporation which controls about 50 publicly-owned companies...What we are able to do here is to make decisions on things like the location of new areas of employment, where you put your capital injection, what sort of plant, equipment and things of this kind are concerned, and you can directly assist the workers in the industry without compromising the collective bargaining function. I would be very happy to make way as an appointed representative for an elected representative from the people working in the industry.”

The TUC General Council’s proposals for worker directors were, however, to be again criticised by the General Secretary of the General and Municipal Workers’ Union, David Basnett, when he added his voice in support of composite motion No. 17:

“...As far as we are concerned, we agree with 90% of this Report. We agree with the need to strengthen trade union organisation, to extend the scope of collective bargaining. However, it is at this point we part company with the Report because the Report then goes on to say that there should be the mandatory introduction of supervisory boards. I think there has got to be a more flexible approach to this subject, an approach that reflects our different industrial structures, that allows us to harmonise with our collective bargaining systems and allows an organic growth from those systems—systems which we know, which we have confidence in and which our members understand. For that reason we support this Composite.”

D. Basnett was joined in his opposition to this proposal from the TUC General Council by E. A. Hammond of the Electrical, Electronic, Telecommunications and Plumbing Union, who argued:

“We have in past years made lonely interjections into the industrial democracy debate against the idea of worker directors. ‘Right old reactionaries’ did Jack Jones (of the TGWU) call us in 1968 for opposing the idea—and we welcome into our ranks the AUEW. Jack’s resort to such words was probably to cover a lack of argument against our contentions. Such lack continues and the grave fog of woolly imprecision as to what is meant by the worker director proposal has not been dispelled by Len Murray. We have held that our basic and

historic function in the trade unions is quite distinct from that of management. Our vital task is to see that the power which exists in management is not used against the workers’ interest. Inevitably the trade union board member would get involved and agree with decisions that the union negotiators would find unacceptable. Negotiators would be compromised because some of their colleagues had participated in making this decision.

“...It simply is not good enough for Len Murray, for the General Council, like some great octopus, to swallow all our differences and rely on the digestive system of the beast...The proposal for worker directors, for dual representation, is unnecessary. Sure we want a greater say for our work people, but only through the unions. The General Council should not just take into account the motion. They should amend their document accordingly, or if ‘amend’ is too strong a word, then maybe they would accept ‘tidy up’. I support motion 17 and oppose 68.”

After this no-punches-pulled speech from Hammond against any system of worker directors whatsoever, the contrary viewpoint was put with equal vigour in the following speech by B. Dix of the National Union of Public Employees:

“My union supports the General Council Report and opposes composite motion No. 17. We oppose Composite 17 because, as I think has been demonstrated by the contribution of the combined resource of Eddie Marsden, on the one hand, and the Electricians and Plumbers, on the other, it introduces a confusing and contradictory mixture of ideas which we cannot afford to have on such an important subject. We think too that it is no good the General Secretary saying: ‘You can have composite 17 and the Supplementary Report.’ You cannot because the whole basis of composite 17 undermines the basic concepts set out in the General Council’s Report. David Basnett said: ‘We accept 90% of the General Council’s Report.’ But it is the 10% he does not accept, that is the important 10%.

“We think that basically composite 17 is dangerous. I am very sorry to see some of my comrades going along with it because what it really does is to move dangerously close to accepting the employers’ philosophy to restrict the role of trade unions to the pure collective bargaining process and nothing else. We see trade unions

not simply as fruit machines in which workers put tanners to get the jackpot. We see trade unions as agents of social change. That is the difference between us and the employers. If you pass composite 17 you will be the toast of every board of directors in the City of London tonight.”

In reply, Eddie Marsden of the AUEW summed up his argument as follows:

“We are opposed particularly to worker directors in private companies for the reasons I have already stated. The difference between collective bargaining machinery and supervisory boards is that supervisory boards bring the workers in line with the running of this particular system at a time when it is finishing, and we ought to finish it completely. On the arguments that we have got to have some supervisory boards for investment demands of companies, and so on, it is important to note that in Italy only a few weeks ago, the Italian unions by their normal collective bargaining machinery forced the major Fiat Corporation, and a number of other major companies and public industries as well, to change their investment plans and construction of new plants from the North of Italy down into the South. We can do that and much more, by the strengthening of our normal machinery...and I am very glad indeed that I can say to the EETPU: ‘I am glad you’re with us’.”

Replying on behalf of the TSSA, W. Johnson, M.P., made the further point:

“I am always surprised at the attitude of some people who say that the time is never opportune to go forward with major changes which can affect the working lives of all our people. I reject this utterly because I believe this is a reflection on the people up and down the country whom we represent. I believe that workers now have the intelligence, the ability and the capacity to share in management in the way that is suggested in motion 68...I would ask you to support motion 68 and oppose composite 17.”

The final speech in the debate was the reply made by TUC General Secretary, Len Murray, on behalf of the General Council:

“...Eddie Marsden I think addressed himself more to the defects of the capitalist system—and he deliberately did this—than to some of the other

angles of the Report. Indeed, there are areas on which I could find agreement with Eddie in terms of the need to develop, for example, areas of public ownership. What we are saying here is that these proposals are by no means incompatible with public ownership; indeed they are the corollary. They are the way in which we can transform the previous form of nationalisation into a more dynamic form, involving work people in the industry as such...

“...I want to deal with the question of mandatory imposition and the question of worker directors. In paragraph 106 of the Report, we say this: ‘Provisions about supervisory boards in the new Companies’ Act would only become operative where there is trade union recognition, and the representation of workers could only be through bona fide trade unions choosing to exercise this right.’ In moving this Report I made it quite clear that this applied to the nationalised industries and to the public services as well. It is open to you to choose whether you go along this particular road. I hope Mr. Basnett will accept that restatement of the position as meeting the point he was making. And I hope, too, that Congress will accept that we would not want to deny the right of unions in those firms and those industries where they do want to go down this road, even though we accept the right of others not to go down this particular road if that is their wish at this time...

“...The point has been made by people at this rostrum that indeed this is a natural development of collective bargaining...The demand for participation in decision-making has always been there. We have developed this to a large extent in terms of recognition and in terms of wage negotiations. The essential point is that the outcome of these wage negotiations themselves is determined by what is happening in terms of major decisions by the companies as such. We want to be in those decisions. This has been illustrated by the fact that in many companies unions have pushed into that field; they have spearheaded. Now is the time, we believe, to broaden and deepen this advance.”

Having argued the case for the General Council Report on Industrial Democracy, however, Len Murray was not prepared to have the issue moving forward in the direction of workers control recognised as the contentious issue it inevitably had to be if it was to represent any breaking of new ground in

terms of trade union traditions. Instead, he sought to reconcile opposites and emerge with the appearance of consensus along the following lines:

“In conclusion, some people have said that they are going to vote against the composite motion because they believe it is in opposition to the Report. Certainly some of the things said from the rostrum may lead you to believe it is, and it is up to you. We are leaving this to Congress. If you do not think that the composite motion is consistent with the Report, then it is up to you to vote against it. If it is carried, however, the General Council will take it side by side with the Report, not as being a challenge to the Report but as throwing a light on certain aspects of the Report, and use it in the development of companies’ legislation and in the discussion which must continue. Therefore, what I am asking you to do is to endorse this Report, to accept the TSSA motion, and to accept the composite motion, if you are satisfied that it is consistent with the Report as such.”

In his concluding sentence Murray told Congress to vote for everything before it—he did not mind—which was precisely what Congress went on to do. The technical compatibility of composite 17 with the General Council Report was hardly the point. Speakers such as E. A. Hammond and B. Dix had demonstrated

from quite definite opposing viewpoints that at the very least there was a contradiction in both spirit and motivation involved, and it was precisely such factors as spirit and motivation which would be decisive if any advance was to be made in industrial democracy. The issue was not fought out decisively and the verbal reconciliation which was attempted only resulted in a confused outcome. The TUC General Council interpreted the Congress vote as giving it the go-ahead to demand the enactment of enabling legislation for 50% worker representation on company boards. The TUC submission to the Bullock Committee on Industrial Democracy, however, came under fire from the EETPU on the right, the GMWU on the centre, and the AUEW on the left—since these unions also felt that the indecisiveness represented by the all-things-to-all-men Congress vote justified their continued opposition to any system of worker directors.

Hopefully the Irish trade union movement will be in a position to avoid the pitfalls which inevitably result from such indecisiveness and such papering-over of important differences whenever it decides to get to grips with clarifying its demands on industrial democracy. In the meantime, developments in this area subsequent to that 1974 Congress of the TUC, and particularly the diverse evidence submitted to the Bullock Committee on Industrial Democracy will be looked at in greater detail in a future issue.

A website for this magazine has been set up at:

<http://www.atholbooks.org/magazines/probs/newseries.php>

A Forum for discussion of issues raised in this magazine now exists at:

<http://www.atholbooks.org/forum>

Anyone can read articles and comments posted on the forum. That does not require registration.

To post articles and comments yourself it is necessary to register as a member of the forum. That is easily done.

The series on the story of the Institute for Workers Control has so far been concerned mostly with that organisation itself and will return to that at future points. That story cannot be separated from the overall story of the efforts to develop a Socialist programme for Britain in the 1970s. The IWC was central to what happened, and what did not happen, in that period. But mighty conflicts were also going on within the trade unions, the Labour Party, the Communist Party, and between all of these. The result was a great divergence between developments in Britain on the one hand, and developments in Ireland and the rest of Europe.

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It never ceases to amaze me that the left and the British based trade unions in Ireland (and, of course, in England) continue to promote the policies of “*free collective bargaining*”. To a blind man it is obvious that it is such market based policies that have brought the British trade unions to irrelevance over the last thirty years. They had governments proposing, almost insisting on, the trade unions having at least an equal say with employers and government, not only on matters of wages, or indeed democracy in the workplace, but on the whole range of social and economic policies. The latter is what the Irish trade unions have and are opposed by socialists and trade unionists who get their views packaged for them in Britain.

The Irish are not the odd ones out. They are in line with their European counterparts. And the Irish unions have more members now than ever. (Some unions, such as those in Spain and France, are relatively small.

But the system there is unusual in that unions have supporters in the way that political parties have, and so when there is a dispute they can call on support from numbers several times their formal membership. The last major dispute in Spain was the one-day General Strike in June 2002 against proposed cuts in the dole for agricultural and seasonal workers. The support was almost universal even though most strikers were not affected by the issue. And the Aznar Government dropped its proposals.)

The attempt to democratise social and economic decision taking in Britain took place between 1964 and 1979 by both Labour and Conservative governments. Both Harold Wilson (1969) and Edward Heath (1972) attempted to regulate industrial relations by legislation. In both cases there was a quid pro quo for the unions extending their influence over all policies. Heath enacted his law, the Industrial Relations Act, and instituted the beginnings of a Tripartite Agreement. Wilson dropped the 1968 Bill, In Place of Strife. Heath's Act was a dead letter almost as soon as it passed when it was clear that the unions would oppose it with every weapon in their arsenal. In 1973 Wilson promised to repeal the Heath Act if the unions agreed to a voluntary Social Contract. Most of them initially did so.

To begin with the Social Contract involved an Incomes Policy. Inflation was running riot, sometimes reaching 20%. This involved prices leapfrogging wages as well as the usual practice of business upping prices to match available money wages. (Until now the latter factor has been the inflationary pressure in Ireland. Most people's wages have risen to the point where they ignore prices altogether in a large range of purchases—e.g. restaurant prices, entertainment,

some travel, holidays, furnishings and food. So people visiting the country and the poorer sections of the population are hammered.) Then wage demands were huge to keep well ahead of prices. And vice versa.

The Incomes Policy was to ensure that wages covered recent prices and any predicted price rises. It would be reviewed annually. Any rises above inflation had to be related to productivity. Exceptions were made for groups which had fallen well behind, such as the coal miners. Rises were also to take account of differentials between skilled and unskilled work, but such differentials had grown so great that a period of flat rate rises were proposed by the general trade unions.

Wage, price, wage, price inflation in general did nothing for people's standards of living. But it did benefit the better paid and the more powerful as 20% of a lot was much greater than 20% of a little. So the tendency was for the wages gap to rise and the lower paid to suffer. Going for everything you can get is understandable when dealing with the traditional capitalist. Though in "*bad times*" such as the thirties it left the unions with the job of minimising wage cuts. But in 1970s Britain the traditional capitalists were few and far between. The state controlled the heart of the economy – the mines, steel, shipbuilding, electricity, gas, transport, health, schools, a lot of the building and much else. The private sector was, for the most part, dependent on or an adjunct of the state sector. Major engineering companies like Vickers and GKN were dependent to a large extent on military contracts.

One doesn't hear much about the Balance of Trade these days. But then Britain was an industrial state and trading its products for those of others was important. And while imports exceeded exports as a rule, the deficit was made up by "*invisibles*"—the activities of the City of London. Now the activities of the City, often little more than money laundering, are the core of the British economy. That is a good reason why City crooks are seldom prosecuted and there is outrage when the United States wants to have them extradited. The City in the 70s was also fairly marginal to investment. The great bulk of investment came from within companies and from the Government, directly or indirectly.

Britain has not been self-sufficient in food production since the 1830s. Imperialism more and more made up the shortfall. But from the 1950s the

trend went the other way. By the late 1970s Britain was almost 70% self sufficient. This was partly because of the decline of empire but also because there was a post-imperialist politics around which leaned towards self-sufficiency. With entry into the Common Market in 1973 the problem went away as the EEC was designed to produce a food surplus. Entry into the EEC and its confirmation in the Referendum in 1975 were opposed by almost the entire spectrum of the left. The Trades Union Congress boycotted EEC institutions from 1973 until after the referendum in 1975. Even then its General Secretary, Len Murray, said he was still opposed to the Community.

Your position on the EEC was what effectively designated you left or right in British politics. (What was "*left*" then is very much New Labour today. Tony Blair campaigned against the Common Market.) The left was not just anti-EEC. It was pro-Commonwealth. And very specifically pro-White Commonwealth. At the time it was just one other matter to be debated. It now seems incredible. But there was much gnashing of teeth over the switch from New Zealand and Australian products to those of the EEC. And chatter about these countries "*standing by us*" in wars. The explanation was, and is, that the left is very, very British.

An insularity, and a real feeling that Britain and its institutions were the best in the world, pervaded the left. On the so-called right, such views were mostly confined to the fringes. There was a view that Johnny foreigner and his ways could only impede the road to Socialism. There seemed to be an extra element of spite against the six countries which until then made up the Common Market—France, West Germany, Italy and Benelux. All were viewed as being the next best thing to fascism – though the word corporatism was the one usually used. The fact that the EEC was based on Christian Democracy with no great difficulty with Social Democracy was evidence enough for hostility. Anti-Catholicism has never died in Britain and is particularly virulent the further left you go. So anything that smacked of the European system was suspect.

Practical industrial democracy or any element of trust in setting wage levels were also suspect—never mind how powerful the trade unions were or how sympathetic the Government was. (A whole generation has now grown up in Britain not knowing what it is like to live under a government that is not hostile to working class people—never mind one that

is sympathetic.)

The trade unions were hugely powerful and management could only assert any prerogatives with the backing of the state and often not even then. But still most of the unions and all of the left were wedded to “*free collective bargaining*”—and this includes the greater part of the Parliamentary Labour Party and the Institute for Workers Control. (An exception was made in the case of the nationalised industries by some in the IWC and, in theory, by the Communist Party.)

One thing kept alive the possibility for a change in the bad habits of the British labour movement. That was the Transport and General Workers Union. While it went along with all the anti-Europe stuff, it was not too blind to recognise its own strength and the possibilities for growing working class power in the opportunities on offer from the Government and being promoted by a minority in the trade unions. And the man who steered the T&GWU was Jack Jones. He had absorbed and developed the culture of his union which had been developed by its founder, Ernest Bevin. Bevin was dead and continuously slandered. But Jones was in power with a union of nearly two million members.

People like Ken Coates and others in the Institute for Workers Control may not have liked it but they were forced to be somewhat circumspect with their politics, and rarely attempted to take on Jack Jones. Some were afraid of him and others licked his boots. But they continued to attack what he stood for.

At the 1975 Trades Union Congress a motion in favour of Incomes Policy was passed by 6.9m votes to 3.3m. Jack Jones described the alternative as “*a wages free for all which is not trade unionism and is not socialism*”. This reflected the famous “*catch as catch can*” phrase of the union’s founder, Ernest Bevin. But Incomes Policy would not in itself help the majority of workers unless it took account of the income difference between different groups of workers. An unskilled worker on a national newspaper earned several times the wage of a skilled carpenter. What is more, the great advance in technology was increasing the general level of skills required unlike in earlier times when it reduced the skill levels of most workers. The levelling down, predicted by political economists was going into reverse. In the following weeks there was a debate in the New Statesman on wage differentials and related matters. This is reproduced below in some detail.

THE CASE AGAINST PERCENTAGES BY JACK JONES (T&GWU)

Differentials are still necessary in many industries. They serve a useful purpose if they accurately reflect a real degree of effort or skill or responsibility. But they must always be kept under critical review to ensure they are not merely built-in elements of privilege, no longer required by the needs of the labour market but merely a reflection of protectionist attitudes.

The effect of much good plant bargaining has been to erode differentials. Production workers have increased their earnings by incentive schemes encouraging productivity. In some instances where the organisation of the flow of work has achieved a levelling out of the skill, effort and responsibility required, differentials have been abolished—an acknowledgement that all participating in production have made a roughly equal contribution.

...the real harm has been done by those who have persistently claimed the right automatically to increase their differentials by percentage increases. Some appear to claim a divine right to a percentage increase every wage round equal to that won for those lower in the pay scale... If all received the same percentage increase, based on the RPI [Retail Price Index], then the rich must inevitably get richer, and the poor inevitably poorer. Not only would the top wage and salary earners always get cumulatively greater increases, but they would always improve their ability to create more income and wealth for themselves by investment of various types.

...No doubt the rich would claim they need more because their type of housing is more costly, etc. But the bread, the meat, the petrol, the clothes they buy are the same price as those the working-class families buy. In other words they have the opportunity to save and increase their wealth which is denied the mass of working people. Many of those who claim simply the percentage increase in the RPI have no means of relating the increase sought to the economy—which is a prime recipe for inflation.

The TGWU has long recognised in plant and national bargaining that many factors must be taken into account in wage negotiations. Relativity is always a necessary consideration. But percentage increases based on some external index—whether

related to the cost of living or average earnings—can destroy established and possibly justified differentials and relativities. When times are hard in any firm or industry our members frequently have to accept increases well below the RPI level. Why then, when the whole economy is in difficulties, should some groups expect, and be awarded, percentage increases which are in no direct way justified by their contribution to output, which finally determines our real standard of living?...Reduce the levels at the top and more common sense and reason will prevail below. That is something which certainly ought to be borne in mind when the present counter-inflationary policy comes to an end. [New Statesman, 5th September, 1975]

IN DEFENCE OF DIFFERENTIALS BY JOHN LYONS, GENERAL SECRETARY, EPEA (ELECTRICAL POWER ENGINEERS' ASSOCIATION)

...The trouble is that, having agreed that different pay levels reflecting skill, responsibility, etc., are necessary, Jack Jones then goes on to propound a theory for perpetually undermining them. Jack Jones' essential argument is that both those below and above average earnings spend the same amount of money as the average man on bread, meat, petrol, clothes, etc. In fact this is simply untrue and this is at the heart of Jack Jones' fallacy. Those with higher earnings—for example, skilled men compared with unskilled—as a whole buy better food or more of it, have a bigger car or one with a higher performance (thus consuming more petrol), and buy better clothes or more of them. They may have a better house, either better or more furniture, and will either have a holiday more often or a better one.

Not only is this self-evident, since these are the very things that a man wants and uses his higher pay for, but it is all clearly laid out in the household expenditure budgets on which Jack Jones based his argument. They also pay a higher proportion of their income as taxation, though I notice that Jack Jones decided to omit all reference to this in his article...In the absence of more sophisticated indices the application of the flat-rate principle is much more likely to disturb real wage relationships than the percentage principle. Jack Jones, therefore, not only fails to sustain his argument for flat-rate increases; in making the attempt he demolishes it.

Jack Jones' article is revealing in other respects. Consider his attitude to pay in the public service where “across the board increases...cannot be closely related to any real increase in productivity...do not encourage efficiency (and) may encourage over-manning and waste”. The sheer confusion of thought in this passage is daunting. Public servants are necessary to carry out the work society wants them to do and at any given time they are paid salaries on the basis of criteria which are open to examination and adjustment. They are just as entitled to maintain their standard of living in the face of increases in the cost of living as any other worker and for this reason percentage increases are appropriate. [New Statesman, 12th September, 1975]

THE CIVIL SERVANTS BY B.A. GILLMAN, GENERAL SECRETARY, SOCIETY OF CIVIL SERVANTS

He [Jones] implies that civil servants are a highly paid group who have a tradition of receiving very high and undeserved pay increases. This is false. The non-industrial civil service comprises some half-million staff of whom at least 350,000 are in grades where a man on his maximum salary with a wife and two children will have take-home pay of less than £40 per week. For the vast mass of civil servants salaries are negotiated by their trade union and it is a gross exaggeration for Jack Jones to insist that it surely is unjust and inequitable for civil servants to be awarded massive increases based on the percentage principle. The pay of a civil servant depends on the examination of a massive amount of evidence of what is being paid for similar work outside the service and the rate negotiated between the unions and the CSD is dependent on that evidence. Although this can be expressed in percentage terms it is not negotiated as such and not related to the Retail Price Index or Wages Index movement.

...The general question of differentials is, of course, a legitimate issue for debate and it is no part of my case that higher paid workers, be they senior civil servants or anyone else, should not make a contribution to a fairer society. I am concerned, however, that the Jack Jones philosophy concentrates so much on those who earn high salaries to the complete exclusion of those who have very high incomes from sources other than earnings. [New Statesman letters, 19th September, 1975]

**LOCAL GOVERNMENT BY GEOFFREY
DRAIN, GENERAL SECRETARY, NALGO (NATIONAL
AND LOCAL GOVERNMENT OFFICERS)**

There are a number of dangerous fallacies in Jack Jones' article, the argument pursued in which ignores three main problems. First, to use the RPI and Expenditure Survey figures takes no account of any proper assessment of net disposable income, i.e. after taxes and benefits are taken into account... As I argued at Congress, the present tax/benefits system could well render the lower income groups worse off as a result of any pay rise (flat-rate or percentage).

Second, it is not possible to dismiss out of hand the need to preserve intact complicated and inter-related pay structures which give different rewards for different levels of efficiency, skill responsibility and effort. Inter-industry differentials are not the same thing as intra-industry relativities—and no sleight of argument will make them so. [*Note. Local government salaries have traditionally been higher than those of civil servants. CL*]

Third and last, the greatest danger of concentrating on flat-rate versus percentages is that the argument will, as usual, be concentrated on the economic ills allegedly resulting from pay problems and not from the root causes of under-investment, poor productivity and so on... [New Statesman letters, 19th September, 1975]

REPLY BY JACK JONES

I am grateful to John Lyons, Geoffrey Drain, and Bernard Gillman for their interest in the 'Case Against Percentages' article... In their anxiety to deal with aspects of special significance to their own groups of members, however, they have ignored the central argument regarding the effects of percentage wage and salary agreements. My article did not make the case for flat-rate increases, nor did it in any way attack the need for differentials. The purpose was to draw attention to the harm being done by across-the-

board percentage claims. The fundamental case has not been answered. Percentage increases must widen differentials in real earnings, and in most cases they do so without any reference to the skill, or effort, or changing responsibilities of those involved. In this sense they are a refuge for those who want simply to protect a vested interest in the status quo.

Of course the T&GWU is vitally concerned over the effect of any policy on the lowest paid... We wish some of our fellow trade unionists would bother to read the massive, and expensive, evidence submitted by the T&GWU to the Royal Commission on Incomes and Wealth on this very problem of the low paid. Has any other union shown equal awareness and concern?

We had hoped, also, that Bernard Gillman would have been aware of the attack made by the T&GWU on the position of those who derive their high incomes from property and investment. Our detailed case to the Royal Commission has already led to the closing of one important tax loop-hole, and our exposure of the scale of tax advantages for the rich deserves support.

Another reader, John McGill, (letters, 26 September), has drawn attention to John Lyons's apparent defence of privilege in the field of incomes. The latter, I believe, displays his true interest in the subject in his final call to 'set about not merely maintaining but actively increasing incentives at all levels'. He apparently equates 'incentive' with automatic increases in differentials provided by percentage settlements. 'Unto those that have...'

No organisation has done more to advocate, and extend, the practice of incentive bargaining than the T&GWU. But incentives must be directly related to the work performed, as exemplified by good trade union piece work bargaining. Percentage increases are no incentive—they widen differentials, without reference to the work performed. Those who gain out of the system inevitably then seek to protect their privileged position. Those who lose are likely to have a very cynical attitude towards effort and responsibility. [New Statesman letters, 3rd October, 1975]