

# *Problems Of Capitalism & Socialism*

*The Workers' Control Debate: From 1975 To Now*

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Like Those Any More!**

**The IWC & Trotskyism**

**Workers' Control: From Plowden To Bullock**

**Worker Directors—The British Debate**

**Workers & Industry**

# PROBLEMS OF CAPITALISM & SOCIALISM

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

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# 1974: WE DON'T HAVE ELECTIONS LIKE THOSE ANY MORE!

EDITORIAL

*The central political issue of the late sixties and seventies in Britain was the power of the working class which had completely undermined management's right to manage and had demoralised a bourgeoisie which was no longer prepared to make the necessary investment in machinery, plant and training to reverse a long-term decline in industrial productivity. This fundamental imbalance between irresponsible labour and impotent capital generated wage-led inflationary crises and constant political turmoil. It was clear that power and responsibility had to be reconnected within one or the other economically active classes before society collapsed into either purposeless revolution or reaction. And that, precisely that, was the issue in the general elections of February and October 1974.*

## TORIES IN THE FEBRUARY ELECTION

In the general election of June 1970 the Conservatives had unexpectedly defeated Labour. Two years later a Miners' strike precipitated a state of emergency and the introduction of a three day week to save electricity (which in those far off days was generated by coal as well as by oil). The Miners won their strike and drove a coach and horses through the government's attempt to control prices and incomes.

Then in 1973, because of the Arab-Israeli War, oil prices soared and inflation, which was high and rising to begin with, hit the roof. Later that year the miners, who had slipped from first to eighteenth in the industrial wages league table, once again threatened strike action. Tory Prime Minister, Ted Heath, once again proclaimed a state of emergency and invoked a three-day week to save electricity. The Miners came out on strike on February 9th. On February 7th, 1974, Heath called an election for February 28th. When Heath made his announcement the BBC commented:

*"In a speech broadcast this evening Mr Heath said the government would continue to try to reach a solution to the miners' dispute during the election campaign.*

*"But he said the country was fed up with industrial action and he called on people to use their vote to show the miners how they felt."*

That was true enough as far as it went, but everyone knew the matter at issue went further than just the

Miners. The Tories election manifesto went right to the heart of the matter:

*"Events from overseas have held us back. They will not destroy us.*

*"Despite the unprecedented sharp rise in world prices, price increases in the shops have, as a result of our counter-inflation policies, been much less than would otherwise have been the case.*

*"We have also made sure that those worst hit by rising prices, in particular pensioners, are better protected than they have ever been before.*

*"But we have also had to deal with the inflation which comes as a result of excessive wage increases here at home.*

*"For more than two years we tried strenuously to deal with this problem by voluntary means. In particular we asked trade unions and employers to join us in working out a voluntary scheme to prevent one group of workers using its industrial strength to steal a march over those working in other industries.*

*"Then other groups are inevitably provoked into leapfrogging. And so it goes on, with the old, the weak and those who do not or will not strike, suffering more at each turn of the inflationary screw.*

*"In the end, after all our talks, although we agreed on objectives, the trade unions could not agree with us on a voluntary*

*means of achieving them, and we had to ask Parliament for statutory powers over pay and prices to hold the line against inflation.*

*“Stages 1 and 2 of that policy, which are now completed, proved more successful than our critics thought possible. The rise in prices due to internal causes was sharply reduced—to a greater extent, indeed, than in most other countries.*

*“Now, in Stage 3 nearly six million workers have concluded wage agreements within the approved limits. The special position of the mineworkers has been recognised by an offer, within Stage 3, of a size which few other groups of workers can hope to achieve.*

*“It is a tragedy that the miners’ leaders should have turned down this offer.*

*“The action taken by the National Union of Mineworkers has already caused great damage and threatens even greater damage for the future.*

*“It must be the aim of any responsible Government to reach a settlement of this dispute at the earliest possible moment.*

*“The choice before the Government, and now the choice before the country, is clear.*

*“On the one hand it would be possible to accept the NUM’s terms for a settlement.*

*“The country must realise what the consequences of this would be.*

*“It would mean accepting the abuse of industrial power to gain a privileged position.*

*“It would undermine the position of moderate trade union leaders.*

*“It would make it certain that similar strikes occurred at frequent intervals in the future.*

*“It would destroy our chances of containing inflation.*

*“The alternative is to reach a settlement with the NUM on terms which safe guard the nation’s interests as well as the miners.*

*“The basis of that settlement must be fairness.*

*“The terms must be fair to the miners, but they must also be fair to the nearly six million workers who have now accepted settlements within the limits of our counter-inflation policy and the many others who are prepared to do so.*

*“They must be fair to the even greater number of people who have no union to stand up for them and who rely on the elected government to look after their interests.*

*“A Conservative Government with a new mandate and five years of certain authority ahead of it would be in a good position to reach such a settlement.*

*“The present offer by the National Coal Board remains on the table. It can be accepted at any time.*

*“We have accepted the principles of the Pay Board’s report on relative rates of pay between one group of workers and another. We have already set up machinery for the examination of major claims about relative pay levels, based on the Pay Board.*

*“As its first task, this new machinery will conduct a full examination of the miners’ case within this framework. It will take due account of the relative claims of other groups, many of whom - such as nurses and teachers - gave evidence during the preparation of the Relativities Report. Moreover, we are prepared to undertake that whatever recommendation the new body makes on the miners’ case can be backdated to the first of March.*

*“It will be completely free to take evidence from any quarter and to decide upon its recommendations.*

*“So it will be impartial and it will be thorough.*

*“And it will be fair, not only to the miners, but to everyone else.*

*“But whatever settlement is reached, the fact must be faced that, for a time, our nation’s resources will be stretched to the limit, and those most in need of protection against inflation must have first claim on them.*

*“This Conservative Government has already moved from a two-yearly to an annual*

*review of pensions and all other benefits. We will now move to a six monthly up-rating of pensions and other long-term benefits.*

*“This will have to be paid for by the community as a whole, out of higher contributions which must be shared fairly amongst all the people.*

*“A fair and orderly policy for pay and prices, for pensions and benefits meets the economic needs of the country.*

*“But at the same time, it must be matched by a fair and orderly way of dealing with our industrial relations.*

*“The foundations for better relations in industry were laid in the Industrial Relations Act. We have never pretended that it would be easy to implement.*

*“But other industrial countries have found that good industrial relations require a proper framework of law and we are sure that Britain is no exception.*

*“We shall therefore maintain the essential structure of the Industrial Relations Act, but we shall amend it in the light of experience...*

*“We shall also seek to improve industrial relations by bringing in new legislation, following discussions with both sides of industry, designed to make large and medium-sized firms introduce a wider measure of employee-participation.*

*“The best way of curbing the majority of extremists in the trade unions is for the moderate majority of union members to stand up and be counted...*

*“The General Election that is now upon us is a chance for the British people to show the world that at a time of crisis the overwhelming majority of us are determined not to tear ourselves apart, but to close ranks.*

*“It is a chance, in other words, to demonstrate that we believe in ourselves as a nation...*

*“...the moderates within Labour’s ranks have lost control, and the real power in the Labour Party has been taken over, for the first time ever, by its extreme Left wing. And this in turn has been made possible by the dominance of a small*

*group of power-hungry trade union leaders, whose creature the Labour Party has now become...*

*“...the return of a Labour Government at the present time would be nothing short of a major national disaster.*

*“The choice before the nation today, as never before, is a clear choice between moderation and extremism.*

*“We therefore appeal, at this critical time in our country’s affairs, for the support of the great moderate majority of the British people, men and women of all Parties and no Party, who reject extremism in any shape or form.*

*“For extremism divides, while moderation unites; and it is only on the basis of national unity that the present crisis can be overcome and a better Britain built.”*

Put more briefly, as it was throughout the election campaign:—Who runs Britain? Parliament or the Unions?

Those Tory plans for asserting parliamentary sovereignty fell far short of smashing the unions and reducing the working class to Victorian conditions of existence. The most the trade union movement was threatened with was a legislative framework for industrial relations that recognised and regulated its power. Nothing in the Tory proposals could have stood in the way of future extension and consolidation of the political strength and social power of the working class. Nevertheless the organised working class made clear its outright rejection of the Conservative government’s plans for its future. The country at large, the electorate, took it at its word and gave it the legislative power to make its own arrangements. It elected a Labour government, albeit by the narrowest of margins.

#### **LABOUR IN THE FEBRUARY ELECTION**

With respect to the electoral argument, the Tories were able to address the real issues. Labour could not. It couldn’t openly say that a vote for it was a vote against Parliamentary democracy and for the Unions. It had to pretend the issue was one of administrative competence and rely on the voters to know better. Labour’s manifesto in February 1974 may well have been its shortest ever, and all the better for that. Harold

Wilson's foreword set the tone for the whole:

*"The new Labour Government will see that the present dispute is settled by negotiation. We shall control prices and attack speculation and set a climate fair enough to work together with the unions.*

*"This Election is not about the miners. They are in the firing line today. The housewife has been in the firing line ever since Mr. Heath was elected. Let us now choose a Government willing to face up to Britain's problems; let us elect a Government of all the people; let us work together."*

Coming to the main body of the Manifesto, matters of substance were not dealt with in any kind of unseemly depth:

*"These measures affecting prices and taxation policy will prove by deeds the determination of the new Labour Government to set Britain on the road towards a new social and economic equality. After so many failures in the field of incomes policy - under the Labour Government but even more seriously under the Tory Government's compulsory wage controls - only deeds can persuade. Only practical action by the Government to create a much fairer distribution of the national wealth can convince the worker and his family and his trade union that 'an incomes policy' is not some kind of trick to force him, particularly if he works in a public service or nationalised industry, to bear the brunt of the national burden. But as it is proved that the Government is ready to act - against high prices, rents and other impositions falling most heavily on the low paid and on pensioners - so we believe that the trade unions voluntarily (which is the only way it can be done for any period in a free society), will co-operate to make the whole policy successful. We believe that the action we propose on prices, together with an understanding with the TUC on the lines which we have already agreed, will create the right economic climate for money incomes to grow in line with production. That is the essence of the new social contract which the Labour Party has discussed at length and agreed with the TUC and which must take its place as a central feature of the new economic policy of a Labour Government.*

*"A Labour Government will, therefore:*

*"(i) Abolish the PAY BOARD apparatus set up by the Tories*

*"(ii) Repeal the INDUSTRIAL RELATIONS ACT as a matter of extreme urgency and then bring in an Employment Protection Act and an Industrial Democracy Act, as agreed in our discussions with the TUC, to increase the control of industry by the people...*

*"...more will be needed if we are to create a new spirit in industry. The British people, both as workers and consumers, must have more control over the powerful private forces that at present dominate our economic life. To this end we shall:*

*"7 Sustain and expand industrial development and exports and bring about the re-equipment necessary for this purpose through the powers we shall take in a new INDUSTRY ACT and through the Planning Agreement system which will allow Government to plan with industry more effectively.*

*"Wherever we give direct aid to a company out of public funds we shall in return reserve the right to take a share of the ownership of the company.*

*"8 In addition to our plans set out in point 5 above for taking into common ownership land required for development, we shall substantially extend PUBLIC ENTERPRISE by taking mineral rights. We shall also take shipbuilding, shiprepairing and marine engineering, ports, the manufacture of airframes and aeroengines into public ownership and control. But we shall not confine the extension of the public sector to the loss-making and subsidised industries. We shall also take over profitable sections or individual firms in those industries where a public holding is essential to enable the Government to control prices, stimulate investment, encourage exports, create employment, protect workers and consumers from the activities of irresponsible multi-national companies, and to plan the national economy in the national interest. We shall therefore include in this operation, sections of pharmaceuticals, road haulage, construction, machine tools, in addition to our proposals for North Sea and Celtic Sea oil and gas. Our decision in the field of banking, insurance and building societies is still under consideration. We shall return to public ownership assets and licences hived-off by the present government, and we shall create a powerful National Enterprise Board with the structure and functions set out in Labour's Programme 1973.*

*"9 We intend to socialise existing nationalised industries. In consultation with the unions,*

*we shall take steps to make the management of existing nationalised industries more responsible to the workers in the industry and more responsive to their consumers' needs."*

Just so it was understood that the Labour Party was speaking for the Unions that was all that needed to be said, and said clearly. And it was, in the Manifesto and also in Labour's election broadcasts. For example, according to James Callaghan on 12th. February 1974...

*"The first step we'll take will be to rebuild some confidence in the integrity of our industrial relations system. Unions and management will be urged and encouraged to take their cases to independent arbitration, instead of trying to settle through the medium of strikes. Good, you may say, that's good, but will it work? Will the trade unions agree? The answer is yes.*

*"It's now a year since a group of us were deputed by the Labour Party to have a long series of meetings with the T.U.C. leaders and they and we agreed on this—to make a new conciliation and arbitration service a central part of Britain's industrial relations system. It will be independent; it will be non-governmental. Its offices will be established throughout the land, not only to deal with national disputes but also to be in a position to resolve local disputes. Separate from it will be a new high-powered commission to begin an examination of the relative values of different kinds of work and the proper rewards that should be paid. These first steps will help us to reduce disruption, because ordinary groups of workers will not have the same feelings of frustration to resort to strikes. Far more useful approach than Mr Heath's philosophy of bash 'em all."*

Neil Kinnock on 21st. February...

*"...the day after we are elected we settle with the miners, we settle with the whole industry, and when the miners go back to work Britain goes back to work. Then we can get down to the problems of solving the conflict in industry, we do that by getting rid of the Industrial Relations Act which will give real security to British workers, by introducing the Industrial Democracy Act which will give industrial control to the people who actually produce the goods in industry. Then with our new conciliation and arbitration service we're going to put out the*

*fires of conflict on the shop floor where they start. And the standing commission on incomes will see to it that we have a fair distribution of incomes—all incomes throughout the whole country, regardless where people get their incomes from. But central to Labour's economic strategy is the voluntary incomes policy based on consent and assent between trade unions and the Government. And that means that when workers see their food prices subsidised, when they see those pensions going up, when they see their rents frozen, they will want to join a compact with a just government. Len Murray has been trying to do that for the last three or four months. Every time he has tried it the last government have rejected it. We can't afford to have industrial warfare in Britain, we will bring industrial peace on the basis of a compact on the basis of a partnership, we will take the poison out of industrial relations."*

### LABOUR IN THE OCTOBER ELECTION

Though the Conservatives gained more votes in February '74, with a slightly higher percentage both of those voting and of the electorate, Labour, with 5 more seats, was the largest party and took office as a minority government. Insofar as it could Labour worked to implement its manifesto pledges, but the effort was unsustainable. In less than two months, between June 19th. and July 30th., the government suffered 17 defeats in the Commons and 15 in the Lords. These included 7 defeats on the crucial Trade Union and Labour Relations Bill. So no-one was especially surprised when, on September 18th., the Prime Minister announced that a further election would take place on October 10th. Labour's Manifesto for this election again was relatively short. Again Harold Wilson's foreword set the tone...

*"In February the country rejected, as we had urged, policies of confrontation and conflict and 'fight to a finish' philosophies. We put before the country the policy of the Social Contract.*

*"We have shown that as a Government we are prepared to take the decisions that are needed to achieve economic and social justice without which this country can never unite.*

*"The policies we have followed over the past six months, the policies which the next Labour Government will follow, are policies to strengthen the Social Contract."*

And further...

*“This election is inevitable since no clear majority emerged in February. Despite its minority position the Labour Government have made a good start. Now we ask for the return of a Labour Government, with a working majority, so that we can continue to tackle the great problems facing Britain. We have to come to the men and women of our country and ask for their mandate for industrial and social reconstruction. We need national support for a steady will for a new society. In fact we are asking your help to carry through policies which will work for international peace and co-operation and at the same time create at home effective measures of economic and social reconstruction...*

*“At the heart of this manifesto and our programme to save the nation lies the Social Contract between the Labour Government and the trade unions, an idea derided by our enemies, but certain to become widely accepted by those who genuinely believe in government by consent - that is, in the democratic process itself as opposed to the authoritarian and bureaucratic system of wage control imposed by the Heath Government and removed by Labour.*

*“The Social Contract is no mere paper agreement approved by politicians and trade unions. It is not concerned solely or even primarily with wages. It covers the whole range of national policies. It is the agreed basis upon which the Labour Party and the trade unions define their common purpose.*

*“Labour describes - as we did in our February manifesto at the time of the last election and as we do again at this one - the firm and detailed commitments which will be fulfilled in the field of social policy, in the fairer sharing of the nation's wealth, in the determination to restore and sustain full employment. The unions in response confirm how they will seek to exercise the newly restored right of free collective bargaining. Naturally the trade unions see their clearest loyalty to their own members. But the Social Contract is their free acknowledgment that they have other loyalties - to the members of other unions too, to pensioners, to the lower-paid, to invalids, to the community as a whole.*

*“It is these wide-ranging hopes and obligations which the General Council of the TUC described in its declaration of June 26 and which were overwhelmingly approved by the Congress*

*on September 4. This is the Social Contract which can re-establish faith in the working of Britain's democracy in the years ahead...*

*“We promised to repeal the Tory Industrial Relations Act and this promise has been fulfilled. The last minute amendments inserted into our Trade Union and Labour Relations Act, by the coalition of Tories, Liberals and the Lords, will be removed in the first session of the new Parliament.*

*“But the repeal of the Tory Act was only the first step. Our aim is to make industry democratic - to develop joint control and action by management and workers across the whole range of industry, commerce and the public services.*

*“This objective involves strong trade union organisation and widening the scope of collective bargaining. In addition, however, it will mean the provision of new rights for workers through changes in company law.*

*“First, We will introduce an Employment Protection Bill - to provide extensive new rights for workers covering such issues as union membership, apprentices' training and conditions, the guaranteed week, maternity leave, safeguards on redundancy and employers' bankruptcy, to give new rights to unions in collective bargaining, including new safeguards for peaceful picketing, to reform the Wages Councils and establish a key role for the new Conciliation and Arbitration Service in helping to get rid of low pay.*

*“Second, we will introduce new legislation to help forward our plans for a radical extension of industrial democracy in both the private and public sectors. This will involve major changes in company law and in the statutes which govern the nationalised industries and the public services.*

*“Measures will also be taken to tackle the evils created by private employment agencies and to deal with abuses of labour-only contracting...”*

Most interesting there is the way in which the commitment to industrial democracy hardened from *“We intend to socialise existing nationalised industries. In consultation with the unions, we shall take steps to make the management of existing nationalised industries more responsible to the workers in the industry and more responsive to their consumers' needs.”* to *“Our aim is to make industry*

*democratic—to develop joint control and action by management and workers across the whole range of industry, commerce and the public services.*

*“This objective involves strong trade union organisation and widening the scope of collective bargaining. In addition, however, it will mean the provision of new rights for workers through changes in company law...*

*“...we will introduce new legislation to help forward our plans for a radical extension of industrial democracy in both the private and public sectors. This will involve major changes in company law and in the statutes which govern the nationalised industries and the public services.”*

At the outset of this second phase in the Labour Government of 1974-79 it can really only be described as the Rule of the Social Contract, an informal coalition of the Labour Party and the Unions in which the Unions were the dominant partner (these are the years in which Britain very nearly went Syndicalist). The firming up and broadening of its commitment to working class power in the economy was entirely due to the growing influence of Jack Jones' views on industrial democracy and workers' control. In the late sixties' Jones had chaired a Labour Party working party on Industrial Democracy, whose Report was accepted by the 1968 Conference. This recommended that there should be...

*“...experiments in placing representatives of the workers directly concerned on the boards of publicly owned firms and industries (or alternatively provision for attendance at board meetings) and this representation should not be confined to full-time officers of unions. Workers' representatives should be drawn into decision making at every level, particularly at the various points of production.”*

That Labour Party Report was the basis of a more comprehensive document that was adopted by the TUC in September 1974, along with the rest of the Social Contract. This set out a legislative framework for the establishment of industrial democracy: a new Companies Act requiring 50% worker representation through trade union channels on the policy making boards of private companies; new statutes for the nationalised industries that “would provide for 50 per cent direct trade union representation on the policy-making boards of nationalised industries”; and new

arrangements to make provision for “a satisfactory degree of trade union representation on decision-making operational bodies in the public services” (*Industrial Democracy*, para 106). The recommendations of the TUC Report were the terms of reference of the soon to be established Committee of Inquiry on Industrial Democracy, of which a little more shortly with much more to follow in future issues of this magazine.

### TORIES IN THE OCTOBER ELECTION

In many ways the Tory Manifesto for the election of October 1974 is the most interesting of any of the documents quoted in this article. The Conservative Party had fought the February election on the issue of Who Runs Britain? The electorate had decided that question in favour of the Unions. Heath's Tories were prepared to accept that decision and, albeit on their own terms, work within it. So, the Manifesto both recognised the new realities and argued the case for their political interest under them. That could have been said very briefly but Tory voters and, more important, Tory money, had to be petted and stroked and jollied along so it was said at great length with much old rhetoric...

*“In the interest of national unity we will not re-introduce the Industrial Relations Act...*

*“This is a far better way of protecting the interests of people at work than the excessive increases in some wage settlements over the last few months. These merely feed inflation and lead eventually to heavy unemployment. We believe that our attempt to protect the real value of wages, combined with the responsible self-interest of trade unions, should make a voluntary policy on pay and prices effective. But no government could honestly say that it will never be necessary to use the law in the national interest to support an effective policy for fighting inflation. In the absence of a viable prices and incomes policy any government would have to take harsher financial and economic measures than would otherwise be needed...*

*“...no part of the nation can exist by itself. Disruption may bring temporary advantage to a few, but all are hurt in the end. The nation is diminished and impoverished by it.*

*“Trade unions are an important estate of the realm. We shall co-operate closely with them, and we hope that our proposals for industrial partnership will lead to close and effective co-*

*operation both with employees and management. But we shall not be dominated by the trade unions. They are not the government of the country...*

*“Our policies will lead to a united nation. We shall uphold the law and the authority of Parliament. It is in Parliament, not in the streets, that national policies must be worked out and disputes resolved...*

*“The Conservative Party, free from dogma and free from dependence upon any single interest, is broadly based throughout the nation. It is our objective to win a clear majority in the House of Commons in this election. But we will use that majority above all to unite the nation. We will not govern in a narrow partisan spirit. After the election we will consult and confer with the leaders of other parties and with the leaders of the great interests in the nation...*

*“We do not believe that the great majority of people want revolutionary change in society, or for that matter that the future happiness of our society depends on completely altering it. There is no majority for a massive extension of nationalisation. There is no majority for the continued harrying of private enterprise. There is no majority for penalising those who save, own property or make profits. People are not clamouring for Whitehall to seize even greater control over their lives. They want more choice and diversity, not less...*

*“...We must therefore as a matter of urgency, work out with the trade unions and the employers a fair and effective policy for prices and incomes. We believe that the great majority of the trade union movement will be prepared to work with the democratically elected government of the country for the public good. If after all our efforts we fail to get a comprehensive voluntary policy we shall need to support the voluntary restraint that is achieved with the back-up of the law. It would be irresponsible and dishonest totally to rule this out, but the various methods no less than the principle would need to be widely discussed. In the absence of an effective prices and incomes policy any Government would have to take harsher financial and economic measures than would otherwise be necessary...*

*“...There are no short cuts to building a new prosperity. There is no alternative to improved efficiency, higher productivity and increased production. No government, whatever*

*its colour, can simply switch on economic growth by itself. It depends on the hard work, skills and enterprise of the British people.*

*“Our taxation and industrial policies will therefore be designed to encourage firms to invest more money in new plant and machinery in our factories. It is here that we have fallen behind other industrial countries. In the last few months, investment and industrial confidence have received a terrible and deliberate battering. Taxation has clawed back much of the cash which industry needs. Threats of nationalisation have destroyed confidence. It is time to call a halt to these immensely damaging policies...*

*“We will introduce a major reform of company law as proposed during the period of our last administration...*

*“...We shall...examine straightaway the possibility of introducing in this country the sort of national scheme which operates in France for giving a fair share of the increased profits made by individual firms to those whose efforts produce improved performance and to those who make their contribution by investing their savings in new factories and new machinery.*

*“We support the general strategy for coal agreed during 1974 with the industry. Our aim will be to make the industry viable so that it can provide an assured and prosperous future for all those who work in it. An important element will be the establishment of a productivity scheme...*

*“People at work*

*“PARTNERSHIP IN INDUSTRY*

*“We want to promote partnership between government and industry, and partnership between those who work together in industry. It is on this that our chances of overcoming the country's economic difficulties and laying the foundations of a new prosperity for everyone will depend.*

*“THE LAW AND INDUSTRIAL RELATIONS*

*“Governments of both parties have tried to establish a new legal framework within which industrial relations could develop. As we have said elsewhere, we still believe that our own legislation was soundly based and unfairly attacked, but in*

*view of the hostility which it aroused we will not reintroduce it. We accept the Trade Union and Labour Relations Act, introduced by the present government and sensibly amended by Parliament, as the basis for the law on trade union organisation and as the legal framework for collective bargaining. We hope that our decision will help create a better climate for industrial partnership.*

#### “EMPLOYEE PARTICIPATION

*“To strengthen this partnership, we will lay a formal duty on all large and medium-sized firms to consult employee representatives on a wide range of subjects. This is necessary not only for economic reasons but also because a better understanding is important in its own right. We want to leave the precise methods and procedures as flexible as possible, but we have it in mind that the subjects covered should range from disciplinary and dismissal procedures and redundancy arrangements to consultations about methods of working, and profit-sharing and share-ownership schemes. These proposals should lay the foundation for future developments in employee participation at every level of the enterprise, but it is much too soon to be dogmatic about the exact form of participation in management.*

*“Much can be learned about the right to consultation at work from the success achieved by certain companies. The government in particular will need to set a clear example with its own employees and the nationalised industries will be expected to play their part.”*

The Tory Manifesto went on for a very long time about many things that were important enough, some very important, in their own right, but that mattered not at all to the electorate in the second election of 1974. All they had to say they did say: that wherever the TUC made its case and stood its ground the TUC would have its way; that the Miners had won their strike and would not be bothered again; that Company Law would be redrafted and industrial democracy introduced throughout the British economy. Stripped of rhetoric and verbiage, where it addressed the real world it was hoping to govern, the Tory Manifesto was really not very different from Labour’s (just a lot longer).

That the electorate chose Labour to administer the day to day of things while the TUC got on with

organising the future seemed natural and inevitable at the time. And perhaps it was just that. But, knowing how things worked out it is hard not to wonder, would it not have been better if the Conservative Party had been elected in October ‘74 to conserve something of the old world amidst the new? Might the new world then actually have come to fruition? Ah well...

In the real world... This time Labour won most seats with most votes and a shaky overall majority of 4.

#### THE BULLOCK COMMITTEE

On August 5th. 1975 Peter Shore, Secretary of State for Trade, announced his intention to appoint a Committee of Inquiry “to advise on questions relating to representation at board level in the private sector”. The Committee’s terms of reference read as though they had been written by workers’ control enthusiasts on the General Council of the TUC, and indeed they had been:

*“Accepting the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors, and accepting the essential role of trade union organisations in this process, to consider how such an extension can best be achieved, taking into account in particular the proposals of the Trades Union Congress report on industrial democracy as well as experience in Britain, the EEC and other countries. Having regard to the interests of the national economy, employees, investors and consumers, to analyse the implications of such representation for the efficient management of companies and for company law”.*

The membership of the Committee was announced on December 3rd., 1975. Bevin’s biographer, Lord Bullock, Master of St. Catherine’s College, Oxford, was appointed Chairman. The other members were: Professor George Bain, Director of the SSRC Industrial Relations Research Unit, University of Warwick; Mr N P Biggs, Chairman of Williams & Glyn’s Bank Ltd and former Chairman and Chief Executive of Esso Petroleum Co Ltd; Sir Jack Callard, Former Chairman of Imperial Chemical Industries Ltd and (since 30 June 1976) Chairman of British Home Stores Ltd; Mr Barrie Heath, Chairman of Guest, Keen and Nettlefolds Ltd; Mr Clive Jenkins, General Secretary of the Association of Scientific, Technical and Managerial Staffs; Mr Jack Jones, General

Secretary of the Transport and General Workers Union; Mr David Lea, Secretary, Economic Department, Trades Union Congress; Mr John Methven, Director-General of Fair Trading; Professor K W Wedderburn, Cassel Professor of Commercial Law in the University of London (London School of Economics); Mr N S Wilson, Solicitor. Mr John Methven resigned from the Committee on 15 July 1976, on taking up his appointment as Director-General of the Confederation of British Industry.

Those details concerning the Bullock Committee are taken from the Preface to its Report, which was presented to Parliament in January 1977.

The central core of the work of this magazine over however long it takes will be the narrative of the Bullock Report; the evidences to it, the agitations around it, the Report itself and the working out in politics and in the economy of all the consequences of all that. How the British Left met power along the way, but preferred a masque of anarchy. How the British Left brushed past outright victory to embrace the most comprehensively drawn out defeat in the history of class struggle.

### THE USE OF POWER

Workers' Control as a matter of political strategy is not about the right of workers to be involved in consultation exercises or decision making processes at shop floor or board level in industry. As a matter of fact it is not about rights at all. Workers' Control is about power and nothing else. It is all about power.

Workers' Control is about power in precisely the way that Ernie Bevin was about power. In the course of winning the anti-Fascist war in Britain and fitting-out Britain to play some part in winning that war abroad Bevin established all the elements of working class life, from trades unions and methodist chapels to working men's clubs and music halls, at the heart of British social life. In just the same way that the acknowledged routines of social power in the First World War were middle class by origin, training, manning, accent and inclination the force that infused the second effort wore cloth caps and hob-nailed boots.

Historically British society is adversarial; so much so that its managers often have difficulty in making a pattern out of the war of each against everybody else which occupies so much of their social space. Margaret Thatcher couldn't see it at all, famously

declaring in an interview with *Woman's Own* in 1987: "*There is no such thing as society: there are individual men and women, and there are families.*"—then moving on with policies to undermine the economic basis of family life.

For almost forty years the working class, by sheer combative reflex, was on top of the zero sum game of British politics. Unfortunately that combative reflex was never absorbed in reflection to become a body of knowledge providing workers with a programme for imposing their collectivist instincts on the bourgeois morass. While he lived Bevin was the closest thing the British working class has ever had to a programmed body of knowledge. After his death it lived on for some time in the great union he founded and built. Elsewhere the class reverted to brute force and an ignorance which to say the least suited many of those who were supposed to be providing it with political leadership.

Back in the day, having shared in winning the war on the back of working class social power the British state had no immediate choice other than to acquiesce in Bevin's consolidation of that power as a Welfare State. It had no choice because if it was to remain true to itself it had to abide by the one rule of the zero sum game of British politics—to the victor the spoils.

Britain's welfare state was an acknowledgement on the part of its ruling class that working class power entitled workers to rights. Though these may have been mostly negative rights in the first instance, such as the right not to die screaming in a Poor House or on a charity ward, they very quickly acquired a positive character, transforming the quality of life of individual workers and the political prospects of the class as a whole. But this, though rooted in power, was all perceived as a question of abstract right and was tenuous thereby.

Bevin would have had it otherwise. He would have had the welfare state develop as a logical outcome of working class power, in such a way that just seeing itself in the light of such power relations would impel the class to the further consolidation of still greater power. To that end Bevin asked the unions to manage the welfare state. And the unions, probably blinded by the rights, certainly frightened by the responsibility, refused.

### THE WORK ETHIC

An editorial in the most recent issue of Labour &

Trade Union Review (No. 185, March 2008—*Why the 'work ethic' isn't working*) cites John Monks, former general secretary of the TUC, current general secretary of the European TUC, as source for Bevin's attempt to bring the welfare state under workers' control. The editorial links the unions' refusal of that offer to the beginnings of a decline in what it calls the British work ethic, which is a very important point towards understanding the working class's failure to generate a political movement adequate to the success of its combative reflex.

Its work ethic was the point at which the British working class asserted its humanity against the reductionist crudities of the capitalist division of labour. Workers who could control nothing else in their working lives could at least decide how well or how poorly they performed their allotted tasks at the point of production. Where and when they decided to take a pride in their work was the moment that determined them to combination and collective action. Wreckers don't form unions and struggle to secure their future. Workers taking a pride in themselves and in their work do precisely that. It is precisely so that working class confidence and power was built, precisely in the loss of all such that the New Labour cancer developed and spread.

Wreckers did not take the lead in developing

combination and collective action but they had a tendency to flourish by way of militant rhetoric in the bureaucracies that combination and collective action required to be made effective. Work ethic was not highly regarded in any union headquarters, no more than any other form of undisciplined shop floor spontaneity. On all sides of the industrial and political wings of the British working class movement the work ethic of the workers was devalued and disdained.

At the same time the workers' combative reflex was diverted to wrecking agendas which were realised almost in total.

Now almost all of British industry has been wrecked. And the wreckers, New Labour now, rule the wasteland.

Labour, in the old sense of the term, the working class interest, is almost completely powerless now, and encumbered with so many rights it hardly knows where to turn to beg a crust. Powerless now, begging is just about all the left has left to it.

But this magazine is still concentrating on better days, when working class politics retained a vision of working class power, when a Labour government sought to legislate for the working class interest and at least a few union leaders could think clearly through to what that entailed.

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## **REFLECTIONS ON THE CAMPAIGN FOR WORKERS CONTROL IN BRITAIN**

### **PART 4 – THE IWC AND TROTSKYISM?**

**BY CONOR LYNCH**

*Though this is part 4 of the series on the Institute for Workers Control, it deals with matters that preceded the IWC and its earlier days. Some people who read the first issue of Problems of Capitalism and Socialism pointed out that they or people they discussed the magazine with were not even born when the events we are covering took place—mainly in the decade from 1975 to 1985.*

Two months after the War in Europe ended, Winston Churchill called a general election. The Labour Party won by a landslide. The Party, led by Clement Attlee and Ernest Bevin set about transforming the social and economic relations in the country. They set up the Welfare State and the National Health Service. They bought out the owners of the commanding heights of the economy and nationalised them. All this was done at a moment when Britain was deeply in debt to the Americans for war supplies—a debt only finally paid off a few years ago. The mobilisation for war had put millions into the armed forces

and redirected industry to wartime production. Many cities had suffered bombing damage and a huge house building programme had to get under way. Yet Labour achieved all of its goals. It shows that the apparent lack of money is no barrier to social reform.

The Conservatives under Churchill returned to power in 1951 and retained power until 1964. But apart from the privatisation of steel production (renationalised by Labour in 1967) the Tories left the structures established by the post-War Labour Government

intact. In some areas, housing in particular, they vied at elections with Labour to promise yet more social provision. And they delivered. The withdrawal from the colonies continued apace—with the resulting development of a national mindset which was beginning to see a Britain focused on matters at home rather than abroad.

The Government did attack Egypt over the latter's nationalisation of the Suez Canal—with the help of France and Israel—in 1956. The thing was a fiasco and the Americans opposed the attack. The Tories were ruthless in getting rid of the leaders responsible. But the national Psyche cannot be changed in a generation. First, Margaret Thatcher, and then Tony Blair revived the imperial spirit of the nation and gave the country the steady stream of wars that it has conducted over the last 18 years.

By the time Labour returned to power in 1964, Britain was, at the very least, a semi-socialist state. But one which had brought almost all parties to accept the social democratic rules of the political game. Democratic socialism, in other words. A result of all this was that the organised working class, i.e. the trade unions, had extended their power beyond their wildest dreams. They could get almost whatever they demanded and do almost whatever they desired. Strikes within most industries were a foregone conclusion where they were caused by a dispute between management and labour. More and more they took the form of battles between the unions and the Government at the bar of public opinion.

So, when the seamen struck in 1966 (under the leadership of, among others, one John Prescott) the fight was for public support. In this case the Government won. The Government did not win in the series of strikes by coal miners between 1974 and 1981.

After the seamen's strike the Labour Government saw clearly that this kind of public industrial warfare was going to get nowhere. Already they had been talking about a prices and incomes policy to ensure a steady and even rise in living standards which would avoid inflation:—avoid the situation where higher prices gave rise to higher wage demands and vice versa. Barbara Castle, probably the most left-wing member of the Government, and in her last years a thorn in the side of Tony Blair, introduced a Bill called In Place of Strife. This was intended to put labour relations within a legal framework. There was an instinctive suspicion of this since in the past legislation to do with unions was always to their detriment and they only wanted legislation which dismantled previous legislation.

Castle tried to explain that things were different now. That the unions were the new power in the land and that their power required an equivalent share of responsibility. The unions rejected this and believed that the old methods of confrontation were the best. Their power and their unity was growing steadily and opportunities for squeezing the employers (state or private) seemed endless. Some trade union leaders, like Jack Jones, began to worry. The unions may have been powerful, but some were more powerful than others. The cake, (ever-expanding or not) was not being divided up evenly.

On top of this the political leadership which the working class looked to also thought, or pretended to think, that the possibilities under free collective bargaining were endless and encouraged the unions. The people who were the theoretical leaders of the

coming Workers Control movement, Ken Coates, Tony Topham and Michael Barrett Brown, opposed any legal working out of the new balance in class relations. They were supported by left wing agitators such as Neil Kinnock—later to become a disastrous leader of the Labour Party.

In the Cabinet, the opposition to Castle was led by Jim Callaghan, sponsored by the tax collectors' union, and seemingly with further political ambitions. (He was the relevant Secretary of State when the war started in Northern Ireland in 1969 and became Labour Prime Minister in 1976.) Like a lot of others he hitched himself to what seemed the unstoppable rise of the unions at the time and managed to stop Barbara Castle's Bill going any further. (In those days Cabinets counted for something and were not just the political decoration for the Prime Minister that they became shortly after the election of Tony Blair.)

The Labour Party was at that time a mass party. It had roots in every community, in the unions and in a wide variety of political and social organisations and movements. More importantly, these grass roots bodies had to be constantly taken account of. And they were represented officially or unofficially at all levels of the Party, including the Cabinet when the Party was in Government.

A group of people centered in Nottingham set out, shortly before Labour's victory in 1964, to combine activists from this broad church as a major, or the major, point of pressure on any Labour Government. The reason for Nottingham had to do with the fact that Ken Coates lived there as a student and later. He had opposed the war in Malaya and, to avoid conscription, became a coal miner in the area. There was also the fact that another Nottingham student was left some money and used it to set up a community printing press. This was taken over by Coates and became the foundation for a publishing operation which lasts to this day. Coates and like-minded people set up the Voice newspapers and began, through The Centre for Socialist Education, to organise many Conferences with delegations from all over the Labour Movement. These Conferences were billed under the title of Workers Control. By 1968 the Institute for Workers Control was formed. There were all kinds of possibilities for the future of the IWC. But Coates made sure that it reflected his own world view.

In the Trade Union Register in 1970 he defined his position:

*"Workers' control exists whenever trade union practice, shop stewards' sanctions and collective power constrain employers."*

We missed this at the time, but it fits with his actions. And though he could give all sorts of impressions to all sorts of people, he never really budged from the position stated there.

To the Labour Movement at large, Ken Coates was Mr. Workers Control. That was a fact of life and had to be accepted and dealt with. This is why, in the course of this long history of the workers control movement and its outcomes (a good many issues of this magazine), Ken Coates needs to be understood and explained.

It is almost exactly ten years ago that I was asked to write a critique of Ken Coates and the IWC. At that time Coates and a fellow MEP Hugh Kerr were in a lot of trouble with the Blair leadership and it didn't seem a good time to go slagging him off.

I then went abroad for eight years. Looking back I find that the row, though ostensibly about welfare reform in Britain, was really about something else and Coates was moving towards the Greens. In any case welfare reforms were not imminent at the time. Coates and Kerr were also opposed to the form of proportional representation proposed for the election of MEPs

All this is very strange. Coates was an MEP when the war on Iraq was launched in August 1990—a war which he opposed—but didn't split from Labour over. More interesting was the fact that he felt able to continue representing Labour after NATO launched 3,515 bombing attacks against the Bosnian Serb Republic in September 1995. Coates was, after all, a keen supporter of Yugoslavia. He left the Communist Party of Great Britain as a gesture of support for Tito against Stalin.

While active in the IWC, and later, I came across claims that the Trotskyist International Marxist Group (IMG) had founded the IWC, but took no notice. They were around the movement but Coates never seemed to identify with them. It turns out that Coates, along with Pat Jordan had formed the IMG (Tariq Ali has said he was a 'leading member', Wikipedia says he was a founder, of IMG). Jordan left the Communist Party in 1956 and was a leading spirit in the Trotskyist Fourth International until he suffered a serious stroke in 1985. He died in 2001.

So Ken Coates was up to his neck in Trotskyism all the while he was running the IWC. This matters because Trotskyism, whatever its organisational form at any given time, is a very distinct form of politics. It is more than just anti-Stalinist. It has concocted a notion of Bolshevism/Leninism as a form of democracy which was later perverted by Stalinism. It goes on a lot about Soviet forms of organisation while ignoring that it was Lenin who deprived them of a meaningful role in the USSR and that Trotsky was complicit in all of Lenin's actions. This is not the place to go into all that history. But given the shaky foundations of Trotskyism it is no surprise that the forms it took in Britain in the 1960s and 70s, and still takes today, have been shaky and prone to splits.

It has absolutely no perspective of winning. It promotes actions by the working class towards goals which it believes are impossible as a means of "radicalising" members of the class—in practice encouraging people to join one or other of its sects. Its activities are ongoing and frenetic. Its view of working class history is one of sell out after sell out. It has no concept of principled compromise. So any concrete proposal coming from the Labour Party, the unions, or from within the IWC was anathema to it. In later life Trotsky conceived the notion of permanent revolution. When I think of permanent revolution today, I think of Blairism—of the abolition of history and a furious chase after change, for change's sake.

(The Communist Party had the same debilitating attitude as the Trotskyists. But at least it had some end in sight. The arrival of the Red Army. The role of the CP will be dealt with at length in later articles.)

Most of the material written by Coates at this time was co-written by Tony Topham. I could never get a handle on Topham but I've been told that he was in effect the man doing the research legwork for Coates. Third in the group that owned the IWC was Michael Barratt Brown.

An ever present fear in the minds of Coates and his group was that of incorporation. Of there being social or legal structures to which the organisations of the working class would be tied—however fluid or changeable these structures might be. So prices and incomes policies were out. And ultimately industrial democracy itself was out. Charges of Corporatism were thrown at anybody wanting such structures. (Except for Jack Jones, whose good will, not to mention his huge union, were needed.) Corporate systems exist, and have existed in every stable society on earth. It is only pure capitalism that dislikes them. Britain disliked them but had to put up with them during the two World Wars and after the second one. It has been the aim of Thatcherism, Blairism, and now Brownism, to get rid of corporate structures as fast as they can and establish the fullest possible freedom of operation for the rich.

Corporatism was associated in the minds of left wingers, and to some extent in the public mind, exclusively with Fascism. This was an convenient association for "free marketeers".

Here is some idea of the way that Coates' mind was working at this time:

*"[there is] the well-known fact that...workers' representatives at local level have become absorbed in the routines of management and now constitute a privileged and isolated grouping, quite alienated from their constituents. The workers' leaders are in this way incorporated into a structure which remains no less hostile than ever to the interests of the work force as a whole."*

*"...it is a pipe-dream to hope, as some industrialists and politicians appear to be hoping, that the climate in Britain is ripe for 'participatory' reform in which the workers might be coaxed to accept some of the illusions and trappings of authority as a substitute for the powers they have already determined to secure. The appetite will grow with eating, and the demands for real industrial democracy will become all the more insistent with every ruse which is applied in the intention of fending them off."*

Responding to the TUC proposal to extend industrial democracy, he said:

*"The real problem is that of how people should be stimulated to demand such an extension. The purpose of any proposals for reform will be overborne by the established power-structure, without any real trouble, if this lesson is not learnt."*

Coates commented with hostile intent on the idea...

*"...that an unbroken continuity of democratic advance stretches between the imposition of a Trade Union veto on dismissals and the ultimate overcoming of capitalist property relations. This is a naive view, because it completely ignores the deforming power of these property relations in the generation both of ideology and of social forces beyond democratic control...the reforms must not be within, but of the power-structure. Its dismantling is the prior necessity, outside which lesser reforms are all too apt to come to grief, or even to aggravate the problems they were designed to solve."*

(quoted in 'Workers Control and Revolutionary Theory' by Richard Hyman.)

*to be continued*

# NORTH LONDON WORKERS' CONTROL GROUP

## WORKERS CONTROL

FROM

PLOWDEN

TO

BULLOCK

### INTRODUCTION

*The most urgent question for the British labour movement today is undoubtedly how the working class should react to the threat to its living standards posed by the current crisis. By and large the left's attempts to grapple with this problem have provided nothing adequate in the way of answers. It has made no attempt to break out of its self defeating routine of sloganising and sterile protest—a routine that is worse than useless when the situation demands a vigorous working class offensive against bankrupt capitalism.*

The trouble with the left's strategy is its assumption that the government can revitalize industry and cure unemployment by capital investment and protectionist measures such as import controls, which might well be true were management possessed of skill and enthusiasm. But they're not. Far from it. Incompetent management is one of the main reasons for the current slump in Britain. Give them more money to play with and there will just be further featherbedding of their cosy nests.

Only the working class can resolve this situation and get itself out of the slump. The working class can succeed, where the employers have failed, in running industry efficiently and profitably. It can force management to manage properly by giving them the simple choice: perform or be replaced. The answer to the slump and the threat to workers' living standards is a radical re-organisation of the system of ownership and control of industry to allow workers to take over responsibility for the management of the firms in which they are working.

The case for workers control is now overwhelming. Industrial democracy has been forced to the forefront of working class politics as an issue embodying all the vigour and self-confidence of the world's oldest and most experienced working class. The idealism of the early Syndicalists and Guild Socialists has come alive again in a situation where the power and organizational strength of the workers is more than enough to turn ideals into reality. Education and experience, the fruits of past victories and the lessons of past defeats, and the sheer economic power of the working class combine to make industrial

democracy today more than a mere slogan or worthwhile goal. It is an immediate and practical necessity.

In the interests of economic efficiency and progress (and the social and cultural standards dependent on that) responsibility must rest with the dominant force in the economy. The working class today determines, for good or ill, actively or passively, the shape and direction of Britain's economic performance. The working class must therefore assume responsibility for the effects of its activity and direct that activity to the achievement of its own and society's goals. But there can be no question of responsibility without control.

Beyond the economic reality of capitalism in crisis, there is only workers control. Workers control of industry is the only possible development following the history of the working class, which has fulfilled its primary task of economic and political organisation and has destroyed the power of capital to mount any serious offensive against it. There is nowhere else for the working class to go unless it is to deny its position as the dominant force in society: as a potential ruling class.

The alternative is a continuing decline in living standards, presided over by an industrially powerless, economically incompetent and politically worthless bourgeoisie, incapable of either setting or attaining desirable social objectives.

Our goal is clearly workers control. But how do we get there?

One thing at least must be clear from the outset. No working class demand has ever been handed to it on a plate, gift wrapped and tied with a red ribbon. Workers control will only be achieved through intense struggle, which, in view of Britain's democratic tradition means struggle for meaningful legislation that can be used effectively.

### THE POLITICAL CONTEXT

In 1968, the Labour Party Conference accepted the report of a working party on industrial democracy, chaired by Jack Jones. The report was broadly in favour of the development of worker participation, particularly in the public sector. It recommended that there should be:

*"... experiments in placing representatives of the workers directly concerned on the boards of publicly owned firms and industries (or, alternatively provision for attendance at board meetings) and this representation should not be confined to full-time officers of unions. Workers representatives should be drawn into decision making at every level, particularly at the various points of production."*

Labour's February 1974 Election Manifesto pledges the government to:

*"... socialise the nationalised industries. In consultation with the unions, we shall take steps to make the management of existing nationalised industries more responsive to their consumers' needs."*

In October of the same year, a further Election Manifesto pledges the government to:

*"... introduce new legislation to help forward our plans for a radical extension of industrial democracy in both the private and public sectors. This will involve major changes in company law and in the statutes which govern the nationalised industries and the public services."*

The TUC's 'Report on Industrial Democracy', adopted in October 1974, recommends that in the public sector:

*"(a) There will need to be a new set of statutes for the nationalised industries  
(b) These would provide for 50% direct trade union representatives on the policy making boards of the nationalised industries*

*(c) The other 50% of the board should be appointed by the minister: there will need to be further discussion about the composition of this half of the board*

*(d) The statutes should allow for a variety of arrangements and experiments below board level, according to the characteristics of the particular nationalised industry."*

and that in the private sector:

*"(a) There should be a new Companies Act, to be introduced by stages, at first in enterprises employing more than 2,000 workers; such companies would have a two tier board structure with Supervisory Boards, responsible for determining company objectives, which would appoint Management Boards.*

*(b) This change should be reflected by a statutory obligation on companies to have regard to the interests of workers as well as shareholders.*

*(c) One half of the Supervisory Board should be elected through trade union machinery, normally at company or combine level.*

*(d) Provisions about supervisory boards in the new Companies Act would only become operative where there is trade union recognition, and representation of workers could only be through bona fide trade unions choosing to exercise this right.*

*(e) The minister would have the power in this legislation to extend its application by order at a later stage to enterprises employing over 200 workers."*

The Government has recently set up a Committee of Inquiry under the chairmanship of Sir Alan Bullock to examine the implications of worker representation on the boards of firms in the private sector, and a parallel official inquiry into the role workers can play in decision making in the nationalised industries. Bullock's terms of reference are clear and explicitly progressive:

*"Accepting the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors, and accepting the essential role of trade union organisations in this process, to consider how such an extension can best be achieved, taking into account in particular the proposals of the Trade Union Congress Report on Industrial Democracy as well as experience in Britain, the E.E.C., and*

*other countries. Having regard to the interest of the national economy, employees, investors and consumers, to analyse the implications of such representation for the efficient management of companies and for company law.”*

Clearly, since 1968, there has been the development of interest in, and commitment to, industrial democracy within the labour movement. Both the Government and the TUC are committed to the development of workers' representation on the boards of public and private industry. Years of hard work by advocates of workers' control in the Labour Party and unions is beginning to pay off. Or is it? Workers' control is in sight round the next corner. Or is it?

In December 1974 a Committee of Inquiry, chaired by Lord Plowden (KCB, KBE, Chairman of Tubes Investment Ltd.) and including, as representative of the working class, that stout proletarian, Frank Chapple, General Secretary of the EETPU, was set up

*“to examine the structure of the electricity supply industry in England and Wales and to report to the Secretary of State for Energy.”*

And report it did, in 1976, to Tony Benn, that, whatever the electricity industry needs, it doesn't need workers control, participation, representation, or what have you.

The Plowden Report ignores the Government's concern with industrial democracy and rules the TUC's proposals for worker directors within a two tier board structure completely out of court.

It is able to do so because the main unions involved in the industry (the EETPU, GMWU and the EPEA) rejected the TUC scheme and argued against it to the Committee. Even more significantly, it did not have to face up to substantial social pressure for industrial democracy. Neither the TUC nor the left organised support for its proposals, so the case for workers control had to fall, by default.

Lack of determination on the part of the progressive forces allowed Plowden to assert a conservative position that is completely irrelevant to the needs of the industry.

## **THE TUC'S PROPOSALS**

### **1. THE POLICY STATEMENT ON INDUSTRIAL DEMOCRACY**

*“...the present boards of the nationalised industries already include outside appointments representing wider interests, including trade union appointments from outside the industry. In this sense, the existing nationalised boards already perform a function not dissimilar to a supervisory board; indeed, in certain nationalised industries, there is also an executive or operating board subordinate to the main board. It is proposed that this system – which is, in effect, a two-tier system – is retained, but that 50% trade union representation should be provided for on the first tier board (i.e., that concerned with overall policy-making). This top tier board would not be the operative body so far as wage negotiations were concerned. The representation should be direct, without involving the minister, but based on the trade union machinery in the nationalised industry so as to represent the workers employed in the industry. The TUC's role in this would only relate to determining respective unions' interests where necessary. The other 50% of the board should be appointed by the minister... As well as extending the board level representation, it is necessary for the nationalised industries to play a leading role in the extension of industrial democracy at lower levels of managerial authority. Joint control can largely be extended through collective bargaining and through the absorption of subjects for consultative machinery into the collective bargaining structures. At the same time, direct involvement in managerial boards at lower levels (e.g. regional) should be provided for. It is important that there should be representation of workpeople at the point where decisions are really taken, which, in the public sector, is often at sub-committees of the main board.*

*“Experiments on arrangements below board level in relation to the characteristics of the particular industry should be set up, giving the representatives clear responsibilities and areas of competence. The selection process should be similar to that for national boards, where possible being made on the basis of joint union machinery at each level.”*

### **2. EVIDENCE TO THE PLOWDEN COMMITTEE**

*“...the Trades Union Congress... on the basis of its general policy, argued that the industry should be governed by a Board composed of equal numbers of*

trade union and Government representatives without any special procedures for resolving deadlock. This board would be the highest corporate decision making body. It would determine the objectives of the electricity supply industry and the policies necessary for their achievement. It would decide how to monitor and report progress to the industry's employees as well as to the Government and the public. It would consider all major management decisions concerning the expansion of or contraction of activities, organisation, investment, training, manufacturing and relations with other public bodies and commercial bodies in the private sector. A separate but statutory executive responsible to the Board would implement the Board's decisions and would be responsible for wage negotiations with which the Board would have no concern.

“Under the TUC's proposals, half the board would be appointed by the Secretary of State and would be responsible to him. The other half would be trade union representatives, who would be appointed by, and would 'report back' to the five national consortia of unions which negotiate with the Electricity Council. It is not entirely clear whether they could be removed by the unions during their term of office; the TUC says 'Regarding the right to recall representatives, it would be natural to make provision for the national councils to ask trade union representatives to attend a meeting on a particular point, given reasonable notice'. Below Board level, it will be the responsibility of the trade unions to ensure that there would be opportunities at lower levels to discuss the work of the trade union representatives and to ensure that they were aware of the views of the industry's employees. Increased employee participation at these lower levels would be secured by extending the scope of collective bargaining.

“The TUC says that all members of the Board should be bound by collective responsibility.” (Plowden Report, 1976)

The Committee rejected the TUC's proposals unanimously, on every point:

“We could not recommend the acceptance of proposals which seem to us to have little to do with giving those working in the industry a chance to take a direct part in decisions affecting their working lives. There would be no meaningful collective

responsibility or public accountability to the Secretary of State and to Parliament, since half the Board would be appointed by and responsible to the Trade Unions, and the other half by the Secretary of State. We do not believe that such a body could have a common purpose or could work together to secure the overall good management of the Industry. We fear that, if the TUC proposals were carried out, the Board would be merely the forum for endless negotiations between two groups of representatives. Neither group would be responsible for taking the lead or could be blamed if things went wrong, while the Executive would be debarred by its subordinate position from taking the initiative and would be only loosely controlled by a divided Board. In such circumstances, good management would be impossible. Further, if the Board were to be divided between representatives of the unions and representatives of the Government as 'owner', there would be no room for part-time outside members or representatives of consumer interests... Not all the unions involved in the industry supported the TUC. The strongest opposition came from two of those with the greatest weight in the industry, who argued that a trade union's duty to represent its members' interests, including those members employed outside the electricity supply industry, could not be reconciled with even a share in responsibility for managing the industry.” (Plowden Report 1976)

### **PLOWDEN LEAVES WELL ENOUGH ALONE**

The first question we must ask ourselves is: does the Plowden Committee have a case in rejecting the TUC's proposals?

When Plowden complains that the TUC's proposals would undermine collective responsibility and public accountability, he is articulating the normal conservative response to a changing situation. A unified Board, operating under the discipline of collective responsibility has always been the bourgeois managerial ideal. Nationalised industries have always supposedly been accountable to the public's representatives in Parliament. What is is and always should be.

Conservatism can be useful when there is something worth preserving. It is completely inadequate in a crisis situation when all you can preserve is chaos. It fails to take account of reality.

In order to reach its conclusions, the Plowden Committee

had to ignore two basic facts. Firstly, that the balance of power between capital and labour has tilted sharply in favour of the workers, and, secondly, that Parliamentary accountability is a fiction. The TUC's proposals take account of these facts. Plowden does not. The TUC is operating in the real world. Plowden is re-living an old dream.

In the first place, management prerogatives (the right of management to manage as it sees fit) exists only at the discretion of the workers. We've come a long way from the days when the Engineers were forced (after a lock-out in 1897) to accept the Leeds memorandum. The situation today is very simple and very different. Management cannot manage in the face of determined opposition from the shop-floor.

The TUC's proposal for 50% worker representation on the Board is a realistic attempt to take account of the fact that a dual power situation exists in industry today and must be resolved in a concrete form or lead to chaos.

In practice, 50% representation does resolve this for, in any conflict between worker and Government representatives, the worker-representatives have shop-floor muscle to back them up. Management's 50% can only appeal to public opinion and as, given the nature of the current slump, conflict is most likely to arise over traditional management's ineptitude, that can do them little good.

Recognition that a dual power situation exists and can only be resolved by giving workers a direct say in policy making inevitably leads to workers control. That is why the Plowden Committee insists on the virtue of a unified Board.

That Parliamentary accountability is a polite fiction is demonstrated in the Plowden Report itself. While the Government is quite at liberty to appoint members of the Board, it should recognise that:

*“Special restraint on nationalised industry prices has destroyed the whole basis on which the electricity industry planned for its future and accounted for its own performance. The destruction of the system of financial objectives and failure to provide any framework in their place has been the subject of bitter and, in our view, wholly justified complaints by the electricity industry... If the Government wishes the industry to be managed efficiently, the Board must be allowed*

*to concentrate on its task and not be harassed with detailed and repeated intervention.”*

Parliament cannot and should not attempt to control the day to day activities of its managers in the public sector. Parliament's interests can have only a negative effect on industry's performance. Having set objectives, they can do nothing to ensure that they are achieved.

Only a sovereign workforce can enforce accountability upon management. Only under workers control can public accountability come to mean anything.

Again, the TUC takes account of a fact that Plowden, operating in the best backwoods tradition, prefers to ignore. Again, the facts lead straight to the need for workers control.

### **SEMI-DETACHED DIRECTORS AND THE VOICE OF THE CONSUMER**

The Plowden Committee doesn't just reject the TUC's priorities, which derive from a recognition of the problems British industry faces in the real world. It replaces them with its own, which derive from the fevered imaginations of minds grown weak with administering sinecures.

The Committee admits what most workers have known for some time, that:

*“Professional managers in every industry run some risk of becoming intellectually cut off from the real world...”*

and that:

*“This risk would be particularly great in the CEB's case, since it would be the monopoly supplier of a basic, essential product.”*

The Committee's attempt at a solution merely illustrates the extent of the problem:

*“It is therefore essential that outside experience and outside ideas be brought into the CEB. In order to ensure that the full time members cannot brush aside the independent voices... (of Government and consumers)... part-time members should be drawn from the same sources as now... They would occasionally initiate proposals, their most valuable role would be as constructive*

*critics of the proposals made by the full-time members and the industry's managers."*

50% worker representation – no way! 50% semi-detached directors, whose main function would be to keep the full-timers in touch with reality – that's another matter! It makes no sense at all, but at least it's got nothing to do with workers control and so can be safely recommended.

The Committee don't bother to consider whether workers might not be more in touch with the real world than any 'professional manager' can ever hope to be. At the very least, few workers have been disadvantaged by a Public School/University education.

According to Plowden:

*"If people of the necessary calibre and vigour are to be attracted and their commitment retained, their reward must bear a proper relation to their work. We therefore hope that the Government will implement, as soon as conditions allow, the relevant recommendations in the Top Salaries Review Board's Sixth Report."*

Obviously, Plowden shut his ears when he was told that people of the necessary calibre and vigour are already working in the industry to which they have committed their lives. But then, such people being outside the scope of the Top Salaries Review Board are also beyond the scope of the Plowden Committee Report.

The 'consumer', however, comes well within the Committee's scope and merits special consideration:

*"We attach particular importance to a consumer voice on the Board...The electricity industry is unique...in having a statutory consultative council in each area whose chairman is ex officio a member of the respective Area Board. In this way...the consumer's view is always made known. In our discussions, both with consultative councils and with boards, we were struck by the value which the councils and the boards attach to this link and by the Consultative Council's Chairman's success in preserving their independence while making a full contribution to their Board's work. If the link were broken, the alternatives would be either an adversarial relationship, in which the Consultative Councils would inevitably be the worse informed and weaker party, or informal consultations, which would depend on the industry's goodwill."*

This concern with the 'long run advantages' of consumers seems less than sincere viewed against the disinterest in the long term interests of those workers Plowden would condemn to an 'adversarial relationship' and the arbitrary ravages of consultative machinery dependent on management's 'goodwill'.

The fact of the matter is that, while consumers are simply workers in another guise, the 'consumer's voice' is invariably bourgeois. Like the Committee's concern with part-time directors, its pre-occupation with consumerism amounts to finding new ways of providing jobs for the boys.

Which answers one question. The Plowden Committee has no real alternative to offer against the TUC's proposals. Its case leaks worse than Kelly's coal boat.

How then could it ignore both the Government and the TUC on such a fundamental issue of policy.

### WORKERS CONTROL AND THE UNIONS

Although the TUC's report was formally adopted by the 1974 Congress, it has met with quite considerable opposition from within the Trade Union movement. Three of the largest unions affiliated to Congress, the Amalgamated Union of Engineering Workers, the General and Municipal Workers Union, and the Electrical, Electronic, Telecommunication and Plumbers Union have challenged the TUC's proposals. The AUEW's engineering section's executive committee has decided to support the TUC's line in the public sector, but oppose its extension to firms in the private sector.

The AUEW is behaving as though nationalisation was a pre-requisite for workers control. In fact, social control, the supposed aim of nationalisation, is really only feasible through a sovereign workforce determining management policy in its own and society's interests. Nationalisation in itself does not solve that problem. It is really only a viable demand after the problem has been solved, by workers control of industry.

The GMWU and EETPU gave evidence to the Plowden Committee rejecting the TUC's proposals in their entirety. Whatever their reasons for adopting it, their attitude gave the Plowden Report the opportunity it needed to reject industrial democracy in the electricity industry.

Nor is there any good reason for the stand these unions have taken against progress. According to the Plowden

Report, they:

*“...argued that a trade union’s duty to represent its members’ interests, including those of members employed outside the electricity industry, could not be reconciled with even a share in responsibility for managing the industry.”*

Which could only make sense if the industrial status quo were forged in Heaven, were it always management’s place to manage and the workers to be managed. But the fact is that the economic power of the working class has imposed intolerable restraints on management’s ability to manage. Collective bargaining and the use of the shop-floor veto have limited management prerogatives to the extent that they can only be exerted by reducing the power of the working class.

The bourgeoisie’s attempts to reassert itself in this way — ‘In Place of Strife’ and the ‘Industrial Relations Act’ — were resoundingly defeated by the working class. So today, its own weakness and the strength of the working class means that management can no longer manage properly. The right to management derives from ability, not from God. The ability lies with the workers; so does the right to manage.

What we have today is a dual power situation; a stalemate in which the class responsible for managing industry cannot deliver the goods, and the only class which can deliver the goods has no say in management. It’s a stupid situation that can only be resolved by workers demanding and taking control of industry and using it to ensure efficient use of the resources inefficiency is squandering. Dual power and inefficiency are common to both the public and the private sectors. There is only one solution in both sectors — Workers Control.

Of course, the GMWU and the EETPU are right to say that a trade union’s duty is to represent its members’ interests. But they are wrong in thinking that that can be done in time honoured fashion with all the traditional trimmings. Nor can the private sector be retained, as the AUEW suggests, as a kind of Safari Park where progress is locked out and habit and tradition conserved for ever.

Conservatism is a refusal to admit that conditions have changed and require fresh tactical and organisational responses. It is a crime of which the leadership of the AUEW, GMWU and EETPU are manifestly guilty. It’s high time these latter day Knights and Allens woke up to the fact that the interest of their members demands

much more than solidarity with Hugh Scanlon’s infamous statement:

*“It’s management’s right to manage.”*  
(Financial Times 18/2/76)

## **DOES THE TUC GO FAR ENOUGH?**

The one objection to the TUC’s plan for industrial democracy, which neither the Plowden Committee nor the unions concerned raised is: do the proposals go far enough towards workers control to be considered really progressive?

Obviously, from a far left viewpoint (the Revolution must begin yesterday) they’re irrelevant, but, on any more realistic appraisal, they offer the only coherent way forward for the working class.

It has to be recognised in the first place that workers’ control has been caught in the crossfire between left and right in the trade unions. At British Leylands, the left rejected industrial democracy as a bourgeois con-trick; the right rejected it as a left wing manoeuvre.

For sound reasons, the working class only gives serious consideration to proposals put to it from within its primary organisations — the trade unions and the Labour Party — and, within those organisations, principled compromise is a way of life.

The TUC’s report on industrial democracy is just such a principled compromise. While it can be twisted any which way on paper, by either right or left, in practice it can lead only to real, effective workers control; which neither right nor left want in any shape or form. Both really want to preserve the present stalemate. The left because it needs to direct its activities to doing down the employers and is even prepared to prop them up in order to continue doing so. The right because its only reason for existence is to defend the employers (they not being capable of defending themselves) against vicious, ‘unnecessary’ left wing attacks.

There will be no need for either concern under workers’ control, when workers themselves will determine manning levels and wage rates. When all the paraphernalia of restrictive practices which the working class has accepted to date as defences against predatory entrepreneurs go out the window, when workers themselves are demanding maximum productivity on their own terms, in their own interest.

Then we will require a vigorous, offensive trade unionism, dedicated to maximising production efficiently. Unions then will be involved in directing resources—labour, capital, raw materials, plant and machinery—where they will be most needed. They will co-ordinate nationally the activities of worker controlled industries.

When there are no employers to attack or defend, who will then need or support today's left wing or its better half?

And the TUC's proposals lead directly to that situation.

Fair enough, ideally, the TUC shouldn't be bothering its head about 50% participation in either the public or the private sector. It should be advocating 100% control. But, when you get right down to it, it's not numbers that matter. It's the support workers' representatives can mobilise against the employers' representatives—and that's overwhelming. Immediately, they can count on the backing of the workers in the industry and, if need be, can call on the entire working class. What forces has any decrepit management to throw into the ring against that kind of opposition? What punter worth his copy of last week's *'Sporting Life'* would bet against the workers?

Again, ideally, the TUC should be advocating that workers' representatives should involve themselves in all areas of policy making, including wages and conditions. But again, in practice, what workforce involved in a dispute over wages and conditions is going to let its representatives off the hook?

As against both the opposition of the right and the paper idealism of the left, the TUC's proposals offer a realistic and practical strategy for workers control. They are worthy of every trade unionist's determined support.

### **FROM PLOWDEN TO BULLOCK**

Even given the opportunity presented to it by the conservatism of the GMWU and the EETPU, the Plowden Committee could not have rejected industrial democracy if there had been obvious support for the TUC's proposals within the electricity industry and society at large. As it was, opposition within Congress paralysed the TUC itself and the left lacked any of the sense of purpose and direction it needed to initiate a vigorous campaign on the basis of the TUC's proposals.

Workers' control has gone by the board in the past because socialists who paid lip-service to it as an ideal

weren't prepared to organise support for it as a practical and immediate strategy for working class advance. The Plowden Committee's negative report gives us one more lost opportunity to add to an already overlong list. Whitley, Sankey, the nationalisation debate of the thirties, nationalisation of the mines and railways by the post-war Labour government, and now Plowden.

The message from Plowden must reverberate loud and clear within the labour movement in the coming months: unless progressive socialists go to the country now to propagandise and agitate for workers control, the Bullock Commission, our greatest opportunity for thirty years, will be lost as surely as was the opportunity presented by Plowden.

Never have the objective conditions been so favourable for the achievement of workers control as they are now. Labour in power desperately needs the sense of direction and purpose it can only achieve by promoting genuine social reform. Hence the sense of urgency surrounding the creation of Bullock's Committee of Inquiry. But no British government can legislate for the society from above. Heath found that out too late, when the working class smashed his Industrial Relations Act and Incomes Policy, and kicked him out of power. Laws in Britain are made and unmade by the movement of substantial social forces. However willing it may be, no Labour government can institute industrial democracy simply because it likes the idea. The impetus for reform and the muscle to back it up must come from the organised workers of the Labour movement. Bullock's job is to sound out the feeling in the country. Ours is to organise that feeling and give it concrete expression.

We must absorb the lesson from Plowden and broadcast it clearly to Bullock.

### **WORKERS CONTROL NOW!**

Published by the North London Workers Control Group, 1976.

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### **GLOSSARY**

**AUEW**: Amalgamated Union of Engineering Workers led by Hugh Scanlon (see below). An uneasy amalgamation of engineers, builders, foundry workers and white collar workers (TASS). TASS, which was Communist Party dominated, split away and merged with the Association of Scientific, Technical and Managerial Staffs (ASTMS) to form the Manufacturing, Scientific and Finance union (MSF).

In 1992 the AUEW merged with the EETPU (see below) to form the AEEU. This, in turn, merged with the MSF in 2001 to create the present day Amicus—whatever that means.

**BRITISH LEYLAND:** By 1976 the bulk of the car industry, except for Fords, was amalgamated and nationalised as British Leyland. It produced such lines as Mini, Jaguar, Land Rover, Austin etc. Leyland Cars employed 128,000 workers at 36 sites and Leyland Trucks and Buses employed 31,000 workers at 12 sites. The company produced many other related products.

**CEB:** Central Electricity Board, proposed by Plowden to further centralise the industry under one Board. It was to comprise the Central Electricity Generating Board (CEGB) and the 12 Area Electricity Boards. Legislation for this was going through Parliament when the Government fell in 1979. The Thatcher Government went instead for privatisation. The CEGB was divided into Powergen, National Power, National Grid and Nuclear Electric, and a myriad of electricity distribution companies. Only Nuclear Electric remained in the public sector.

**EETPU:** The Electrical, Electronic, Telecommunications and Plumbers Union was formed in 1968 in a merger between the electricians union and the plumbers. The electricians union was a major power base for the Communist Party. But in 1961 some Party members led by Les Cannon and Frank Chapple exposed ballot rigging and took the union to court. They then led it in an ever right wing direction. A problem for the ideological left is that the idea of principled compromise is out of the question. They only see sell out. So when they react against their Party position they do indeed sell out. Chapple took over the union in 1966 and promoted the policy of privatising the entire state sector.

**EPEA:** Electrical Power Engineers Association, founded in 1913, represented the top echelons in the electricity industry. In recent years the union has been very much involved in promoting ESOPs—Employee Stock Ownership Plans, especially during the privatisations. It was involved in a plan to completely buy out a power station in Northern Ireland by managers and workers.

**GMWU:** General and Municipal Workers Union was formed in 1924 and largely duplicated the work

of the Transport and General Workers Union. After merging with the boilermakers it became the GMB. Union mergers have as much to do with rivalry within industries as with common sense. The boilermakers, very much based in the now almost defunct ship building industry, would be expected to unite with the sheet metal workers and/or the engineers. But not ‘til hell freezes over! The union became notorious in the labour movement in 1970. It was run by Lord Cooper. Its largest branch was the glassworkers branch at the Pilkington glass plants in St. Helens, with 7,400 members. The workers went on strike and the union refused to support them. For a brief period there was an independent General Glass Workers Union. Cooper had a string of directorships and was involved with the Atlas Foundation, a CIA funded organisation.

**HUGH SCANLON and Jack Jones** were the two most important trade union leaders in the 1970s. Many have reasonably said that they were the two most important people in Britain, politicians included. Scanlon wrote the first pamphlet for the Institute for Workers Control. But after that he went cool on the matter and opposed specific policies to implement industrial democracy, especially the Bullock report. He implied that such schemes never went far enough: his was left wing oppositionism. Hugh Scanlon joined the Communist Party in 1937 under the influence of the Spanish Civil War. (Jones was also influenced by that conflict and went to Spain where he was wounded in the Battle of the Ebro.) Scanlon left the CP in 1954 but remained in the CP front organisation, the Broad Left. The Broad Left was the springboard for the rise of many future politicians, e.g. Charles Clarke. Scanlon became leader of the engineering union in 1968 and retired in 1978 going into the House of Lords as Baron Scanlon of Davyhulme.

**INDUSTRIAL RELATIONS ACT.** This was introduced by the Conservative Government of Edward Heath. It registered unions and employers organisations and set up an Industrial Relations Court under Lord Donaldson which had the power to jail anyone in breach of the Act. Its jailing of some dockers’ leaders caused uproar and the Act began to fall into disuse. By 1972, the Heath Government changed its tack and sponsored Tripartite discussions and agreements between Government, unions and employers. But the unions decided for the most part to hold out for a change of government which would be more favourable to them. Heath went to the country in 1974 on the slogan “*who runs the country*”—the

Government or the unions. He lost, and lost again more heavily in another election called later in the year. So the unions had a mandate!

**IN PLACE OF STRIFE:** This was a Labour Government White Paper introduced by the very left wing and very popular Minister, Barbara Castle, in 1969. It proposed that there must be a ballot before strike action and that there should be an Industrial Board to enforce settlements of disputes. It was the first political acknowledgement that the balance of power had shifted in favour of the working class and that the law had to be reformed to reflect that situation. Union experience of labour laws had been that they were always designed to curtail their activities in favour of the employers. And though this proposal was not in that category, they opposed it in favour of the status quo, which kept industrial disputes outside of any legal framework. In the Cabinet, the future Prime Minister, James Callaghan, led a successful opposition and the measure was dropped.

**THE SANKEY COMMISSION:** The British coal industry in the 19th century was a byword for incompetent management, dangerous conditions, and near feudal practices. During the Great War the Government took control of the industry to ensure supplies. After 1918 there was great unrest among the miners as they sought to maintain the conditions they had achieved during the War. To quell these disturbances, Prime Minister, Lloyd George, set up a Commission on the future of coal under Lord Sankey. It was composed of 50% union representatives and included socialists like Sidney Webb and R.H. Tawney. It recommended the nationalisation of the coal industry. This was rejected by Lloyd George and he handed the mines back to the private owners.

**WHITLEY:** John Whitley was Liberal MP for Halifax from 1900-28. He made a report to Parliament in 1917 on industrial relations which led to the setting up of Whitley Councils – joint worker-management discussion councils. They were a direct response to the rise of the Shop Stewards Committees and the fear of the development of Soviets, especially in the engineering industries. They never took off in the

private sector but they did become a regular feature in the public sector, especially in the Civil Service and the clerical areas of local government.

**NATIONALISED INDUSTRIES:** In the 1970s there were swathes of the population, especially in the North of England, who barely came into contact with the private sector. People worked for a state enterprise, lived in a local authority home, travelled by public transport, and shopped in the Co-op—indeed were buried by the Co-op. The privatisation which took place in the 1980s and 90s, and later, not only transferred many sectors to private hands but deliberately destroyed several former state companies in coal, steel, shipbuilding, etc. The Co-op was reduced greatly and, for the most part, operated like private companies where it continued to exist. This was facilitated by the encouragement of the supermarket chains through legal and planning measures. (At the moment a similar process is being proposed for France by President Sarkozy. In Iran its proposal by the Shah and the Americans was a major factor in getting support for the Islamic Revolution.)

Here is an (incomplete) account of the level of publicly owned enterprises existing in the 1970s.

Central Electricity Generating Board and the Regional Electricity Boards. The BBC. London Transport. British Airways. The National Coal Board (all mines with more than 30 workers). Bank of England. The GPO (including Cable and Wireless and British Telecommunications as well as the Royal Mail). British Railways. British Road Services (with about 40% of road haulage). British Waterways Board (rivers and canals as well as general water and sewage). Thomas Cook Travel. National Health Service. British Gas. British Steel (there remained a couple of private steel companies). Rolls Royce Aerospace. British Leyland. British Aerospace. British Shipbuilders. Many other services were owned and operated by the local authorities – especially housing, which kept private house prices low as well as providing a very large rented sector; it also provided for mobility with schemes for house swaps.

# **WORKER DIRECTORS** **—THE BRITISH DEBATE—** **PART ONE**

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

*by Manus O’Riordan*

*One of the most heartening aspects of our Union’s Annual Conference this year was the manner in which delegates were no longer content to formally adopt motions supporting industrial democracy before moving hurriedly on to the next business, but felt the need to make contributions concerning the practical problems of any meaningful developments in this field. Much of this interest has, of course, been heightened by the proximity of legislation providing for worker directors in semi-state enterprises. It is not, however, sufficient to have a merely responsive approach to such developments. Trade unionists must articulate their own demands if in fact industrial democracy is to have any vitality.*

It is in this respect, therefore, members of the ITGWU and other unions in Aer Lingus are to be congratulated for having established a study group last November which has now come out with the demand that worker representatives should constitute 50% of the board of the airline as well as the chairman of the board.

The lead of the Aer Lingus workers must now be followed in other companies if a coherent trade union policy is to develop in Ireland, particularly with regard to the controversial question of worker directors in the private sector. This has proved to be an issue which has not so far resulted in any unanimity in the British trade union movement. The interesting point to note is that the division of opinion has not been along traditional left-right lines in that movement.

The major advocate of the worker director policy of the TUC has been Jack Jones of the Transport and General Workers’ Union and he has been opposed as much by Frank Chapple of the Electrical Trade Union on the right as by Hugh Scanlon of the Amalgamated Engineering Union on the left. The division has rather been between those who feel that current economic problems demand a new dimension to trade unionism and those who, for whatever reason, regard traditional trade unionism as sacrosanct.

Since it is highly unlikely that any meaningful developments in industrial democracy can take place without first coming to grips with debating these

controversial issues in the Irish Congress of Trade Unions, it might be of interest to readers to take a look at how the argument has progressed to date in Britain. We might also learn something from the fact that the limited extent and inconclusive outcome of this British debate has now resulted in the TUC itself and some of its important affiliated unions currently pursuing policies on the question of worker directors which are in direct contradiction with one another.

In a report on Industrial Democracy which was presented to the 1974 Trade Union Congress, the following limitations of a purely traditional approach were pointed out by the TUC General Council:—

*“...Improvements in industrial democracy based on the strengthening of trade union organisation and the widening of the scope of collective bargaining...will continue to be the main way forward in extending collective control at local level. However, it is clear that this leaves a wide range of fundamental managerial decisions affecting work people that are beyond the control—and very largely beyond the influence—of work people and their trade unions.*

*“Major decisions on investment, location, closures, takeovers and mergers, and product specialisation of the organisation are generally taken at levels where collective bargaining does not take place, and indeed are subject matter not readily covered by collective bargaining. New*

*forms of control are needed. This problem is particularly acute in the private sector, where on the one hand local and plant bargaining do not affect planning and investment decisions and, on the other, national agreements are not concerned with the management decisions of individual firms. Company or combine level bargaining has more potential for extension into these areas, but ultimately the decisions are taken quite unilaterally by the owners of capital or by managements and planners who in an increasing number of cases take their decisions in a global context unfettered by national level collective bargaining.*

*“In the extreme circumstances of closure resulting from such decisions, where local level bargaining or withdrawal of labour is almost totally ineffective, less traditional local level tactics such as the sit-in and the work-in may impose a limitation on the otherwise absolute right of shareholders to dispose of their own property.*

*“These local level actions are essentially defensive, temporary and ‘ex post-facto’ reactions to crisis situations. As such, they may in many circumstances be desirable and legitimate trade union tactics. But such seizures do not lead to control over future decisions. There therefore needs to be an examination of how workers’ organisations could exert a degree of control over planning and policy-making.”*

The TUC report accordingly concluded that, in addition to demanding the election of trade union representatives to fill half the seats on the policy-making boards of nationalised industries, there should also be provision for workers directors in the private sector on the following basis:—

*“(a) There should be a new Companies Act, to be introduced by stages, at first in enterprises employing more than 2,000 workers; such companies would have a two-tier board structure with Supervisory Boards, responsible for determining company objectives, which would appoint Management Boards;*

*“(b) This change should be reflected by a statutory obligation of companies to have regard to the interests of work people as well as shareholders;*

*“(c) One half of the Supervisory Board should*

*be elected through trade union machinery, normally at company or combine level;*

*“(d) Provisions about supervisory boards in the new Companies Act would only become operative where there is trade union recognition, and representation of workers could only be through bona fide unions choosing to exercise this right;*

*“(e) The Minister should have the power in this legislation to extend its application by order at a later stage to enterprises employing over 200 workers.”*

In introducing this Report to its 1974 Congress, the TUC General Secretary, Len Murray, stated:—

*“...Greater democracy and greater equality are now on the agenda in all walks of life in this country. Trade unionists are increasingly demanding the right to share in the major decisions in industry, because these decisions determine how they are going to spend their working lives, and indeed the whole pattern of their lives and those of their families.*

*“The issue is how we can bring all major policies in industry within the area of joint regulation. The report certainly does not see a gulf between collective bargaining and newer types of organisation which have this same end in view...There certainly is, however, a great gulf between our proposals and what has been known as joint consultation. That to us, is of a piece with the paternalistic limiting approach of the advocates of co-partnership and profit-sharing. That alternative is on offer to anybody who wants it, we do not.*

*“We are not going to allow the essential functions of trade unions to be compromised. It may be said that trade unions cannot satisfy all of the members all of the time if they are party to decisions on the location of plants and matters of that kind. I can understand these arguments and I do not deny that there can be problems, but if we keep our heads under the parapet and do not go anywhere near the planning operation, that does not solve our members’ problems. We are just stuck with somebody else’s decision. Whether we call it joint regulation or joint decision-taking, none of this precludes negotiations about the consequences of investment decisions.*

*“We spelt out some of the issues that need*

to be subject to joint control. In a two-tier board system those issues would be dealt with by supervisory boards—that is, the body which would be responsible for determining company objectives and the policies necessary for their achievement. The supervisory board would consider all major management decisions, including the formulation of planning agreements and the discussion of them with the Government.

“...The extension of joint regulation into new fields by new methods is quite compatible with trade union functions so long as we insist on two key points. The first is that the people appointed to serve must get there through trade union machinery. The second is that they must be directly accountable to the membership through this machinery. It is through the organised strength of trade unions in this country that workers have secured the rights that they already enjoy and are able to reach out for new rights. We explicitly reject the idea of appointing worker-directors in an individual sense. We reject too any vague notions of employee representation or works Councils. Non-unionists are non-unionists because they have not shown any wish to be collectively represented. They will be represented when they join trade unions.

“...The arrangements for representation of workers (on supervisory boards) would operate only where there is trade union recognition, and only where bona fide trade unions chose to exercise this right. Where the unions in a company agreed that the provisions should be applied, the new arrangements would be mandatory on employees. If the unions involved in a particular enterprise did not wish to get involved in this way then nobody could compel them to do so, but if most of the unions in a multi-union situation wanted to become a party to such arrangements, a union with only a small interest could not reasonably expect to stand in the way of the others. These points are equally valid in private industry, in the nationalised industries and in the public services.

“I do not believe that a fifty-fifty approach to deciding the basic plans of industry will simply lead to stalemate. The trade union instinct is to look for agreement when there is a willingness on the other side to make an agreement. At the end of the road, of course, it is the members in the workplace who will decide what the attitude

of the union representatives will be—just as they do now in the negotiating context...

“...The General Council’s proposals fit logically into the changing nature of the structure of industry. They also represent a development of the historical function of trade unions, which is to seek to influence decisions which affect their members. Their aim is precisely that—to involve workpeople in the decisions which affect them. There will be problems to be sorted out, this development will bring new and heavy responsibilities as well as rights, but it offers great opportunities. I move the Report.”

As well as the TUC General Council’s Report on Industrial Democracy the 1974 Congress also had before it a Composite Motion No. 17 which declared...—

“Recognising that the best way to strengthen and extend industrial democracy is to strengthen and extend the area of collective bargaining giving union representatives increasing control over elements of management including dismissals, discipline, introduction of new techniques, forward planning of manpower rationalisation etc., Congress rejects the mandatory imposition of supervisory boards with worker directors, and calls for a more flexible approach giving statutory backing to the right to negotiate on these major issues, but relating the control more directly to collective bargaining machinery.”

In commenting on the above resolution, the TUC General Secretary, Len Murray, had stated:—

“The General Council sees nothing in the terms of the Composite Motion which is in opposition to their Report, and they are therefore content to see Congress give it support alongside the Report.”

If the purpose of the Composite had merely been to amplify the provision already contained within the General Council’s Report, that worker representation on the supervisory board of any company would only be implemented in line with the wishes of trade union members in that enterprise, there would indeed have been no need for any conflict. When proposing Composite 17, however, the late Eddy Marsden of the Amalgamated Union of Engineering Workers (Constructional Section) made it quite clear that his union’s purpose was to oppose right down the line any

system of board representation by workers in industry. He argued:—

*“The composite motion before Congress, despite some of the variations in the emphasis from unions supporting it, is in basic opposition to the main recommendation in the Report, which recommends mandatory acceptance of supervisory boards and workers’ directors in industry...Speaking for my union, I cannot understand and do not accept the reasoning that we should also accept, even in some British form, a supervisory board and worker directors as a necessary extension of our collective bargaining machinery. I certainly believe that the trade unions and workers at shop floor level are fully entitled to increasing control over all areas of management put forward in the document. All these demands, and much more, are attainable by our normal methods of activity, especially the strengthening of and the insistence upon great authority for our shop floor organisation...*

*“...Capitalism is cannibal by nature, and we ought not to get involved with capital in any joint organisational form, because again it is possible to imagine worker directors of one company in conflict with worker directors in another...I think we are ignoring some of the fundamental and basic contradictions in our society in our understandable desire to defend working-class interests and are unfortunately falling for theories that, in my opinion, will tie the Movement, lock, stock and barrel, with the interests of capital and to the detriment of our Movement.*

*“The basic factor of our time is the growing political and economic crises of the system and the consequential new awakening of socialist understanding throughout the world, leading, as it was bound to do, to growing pressure for socialist solutions to our economic problems...*

*“It is precisely how one approaches and understands this basic fact that determines one’s attitude to the worker director...Any advance that can be made by supervisory boards, even with 50% trade union representatives, can take place only by joint agreement, and the extent of the advance will be limited by these considerations...*

*“...Capitalism, the system of so-called private enterprise, is the architect of those crises and it is not our job to give it a blood transfusion, either by mixed economy methods or by the introduction of supervisory boards, and worker directors. Our motion, therefore, opposes the General Council Report on Industrial Democracy only in so far as it recommends to Congress mandatory participation schemes for supervisory boards with representation by worker directors...”*

The TUC General Council’s call for parity of representation for worker directors elected by trade union members, was to be supported by the TGWU and NUPE but opposed from the right by the EETPU and from the left by the AUEW. How the 1974 Congress debate further progressed will be examined next month.

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***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.***

# WORKERS & INDUSTRY

VOL. 1 NO.4 FRIDAY MAY 7, 1976

## MERIDEN WORKERS' CO-OPERATIVE

***THE BRITISH MOTOR-CYCLE INDUSTRY WAS DEAD AND BURIED—SAID THE OWNERS AND THE GOVERNMENT. THEN THE WORKERS TOOK OVER. THE INDUSTRY NOT ONLY SURVIVED BUT IS DEVELOPING AND EXPANDING.***

All the cynics and quacks who foresaw a speedy collapse of the Meriden Motorcycle co-operative have been reduced to an embarrassed silence of late. Now the Co-operative is proving vigorous and is actually in the process of expanding its workforce and output. When the Co-operative began it had a workforce of just two hundred. This number has now increased to 670. Some 300 Bonneville machines are coming off the lines every week. Some collapse.

Now talks are under way which may lead to the Meriden Co-operative manufacturing the 900cc triple cylinder machine designed and engineered by NVT. Closer links are being sought with the old NVT firm. This is perfectly good business sense as far as Meriden is concerned. Since the Co-operative began making the Triumph Bonneville 750cc in March of last year the only link with NVT has been a marketing one. But the men of Meriden know they cannot make a business out of a machine like the Bonneville alone. They have been thinking ahead to the future.

The Co-operative is now establishing closer connections with NVT for the possible production of NVT prototypes, and it is doing so from a position of increasing strength. The old bosses of the NVT empire who closed Meriden down (or so they thought) after having successfully closed down their Small Heath factory in Birmingham, are now only left with a small factory near Lichfield. While on the other hand the Meriden Workers' Co-operative, established after a determined 18-month sit-in by the workers, is expanding its labour force. Its order book is full. It has just concluded an agreement with Moto Guzzi of Italy to assemble one of the Italian Firm's motorbikes at Meriden.

The workers at Meriden are ensuring their firm's long-term viability. They are showing that the working class can succeed where the old employers have failed miserably. Meriden is an important example to us all, lumbered as we are with the predicament of a

management that has lost the capacity to manage. The workers are the only people capable of effectively running industry. And with the mess industry is in at the moment, workers' control is the only solution to the crisis. The message from Meriden is loud and clear...

***THE EXTENSION OF WORKERS' CONTROL OVER THE MANAGEMENT OF PRODUCTION HAS TO BE PUSHED FORWARD ENERGETICALLY IF THE ECONOMY IS GOING TO PICK UP AND ALLOW INDUSTRY TO PROSPER.***

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### NO WORKERS' CONTROL IN THE ELECTRICITY INDUSTRY

IN DECEMBER 1974 THE GOVERNMENT SET UP A COMMITTEE OF INQUIRY INTO THE ELECTRICITY INDUSTRY CHAIRED BY LORD PLOWDEN (KCB, KBE, CHAIRMAN OF TUBE INVESTMENTS LTD) TO.....EXAMINE THE STRUCTURE OF THE ELECTRICITY SUPPLY INDUSTRY IN ENGLAND AND WALES AND TO REPORT TO THE SECRETARY OF STATE FOR ENERGY.

After much careful deliberation the Committee finally, in January 1976, made detailed recommendations to the government on how the electricity industry should be organised. It is perhaps not surprising that Plowden and his mates didn't feel up to advocating workers' control as an answer to the appalling managerial sloppiness and inefficiency which has always plagued the industry. It is surprising that they have been allowed to get away with it.

The Labour Government is committed to *socialising the nationalised industries* and making them *more responsible to the workers*. The TUC, in its evidence to the Committee, argued that half of the main policy-making board should be made up of worker representatives elected through official trade union

machinery.

So how come a bunch of washed out academics, headed by a war-weary captain of industry, were able to tell both the government and the TUC where to get off?

Although the TUC, on the basis of the policy agreed by Congress in 1974, pushed hard for workers' control four of the main unions involved in the electricity industry opposed the TUC and argued against workers' control. Naturally enough, Plowden and the boys grabbed this chance to throw the TUC's proposals into the dustbin.

The EETPU, the EPEA, the GMWU and NALGO argued the conservative case to Plowden that...

*"...a trade union's duty to represent its members' interests...could not be reconciled with a share in responsibility for managing the industry."*

All four unions endorsed the Plowden Committee's report and applauded its rejection of workers' control. When, this March, the Secretary of State for Energy, Mr. Benn, suggested that *...those who work in the energy industries should have a full opportunity to contribute to the development of policy*, these unions wrote to him demanding the speedy implementation of Plowden's report.

The EPEA has publicly condemned the TUC's policy and has called for a transfer of power in the TUC from large manual unions to smaller more conservative bodies like itself. The GMWU has submitted evidence to the now sitting Bullock Committee on Industrial Democracy which rules workers' control right out of court.

Last week Mr. Arthur Hawkins, chairman of the Central Electricity Generating Board, announced that both management and unions were concerned about the delay in implementing the Plowden Report. Clearly, both groups want to get re-organisation well under way before a movement for workers' control can develop in the industry. At the moment, it looks very much like they'll succeed.

There is no excuse at all for the behaviour of NALGO, the EETPU, the GMWU and the EPEA. Whatever they think they are doing they are manning barricades on the workers' only road out of economic crisis. Its that simple.

Certainly they're right to insist that a trade union's duty is to represent its members' interests. That goes without saying. They're very wrong if they think their members' interests can be taken care of in the old negative way that served in the past.

As we said last week—to be effective in this day and age unions must involve themselves, on behalf of their members, in running industry efficiently and profitably. They must take the lion's share of responsibility for running industry. Productivity and efficiency are not matters for negotiation and compromise as per collective bargaining. In such areas it's a simple matter of telling management what to do and forcing it to do the job properly. Here there can be no substitute for workers in the boardroom to monitor progress and report developments to the shop floor.

Only blind conservatives can ignore this basic reality, and blind conservatism is exactly what we're up against. The leadership of the four unions have blindly sabotaged the TUC's attempt to achieve a healthy and vigorous electricity industry through workers' control. They must not be allowed to undermine the TUC's evidence to the Bullock Committee on Industrial Democracy. That can only be avoided by workers immediately organising support for the TUC. Then Bullock will have no opportunity to follow in Plowden's footsteps.

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### **THE GMWU & WORKERS' CONTROL**

Since the TUC's *Report on Industrial Democracy* was adopted by Congress in 1974 it has been obvious that the trade union movement is deeply divided on the issue of workers' control. This division was further highlighted last week when the General and Municipal Workers Union submitted evidence to the Bullock Committee which directly contradicts TUC policy.

The TUC sees the establishment of equal representation for workers on the main policy-making boards of industry as the best way for workers to take control of the factories. The GMWU on the other hand believes that the scope of collective bargaining should be extended beyond straightforward wage issues to allow negotiation on all aspects of company policy—including investment, redeployment, closures, mergers, and so on. It is vital at the time, when unemployment, inflation and economic crisis are turning society inside out, to determine exactly which view is right.

The most interesting thing is that while employers are worried sick about the TUC proposals for industrial democracy and are kicking up a stink to condemn them they couldn't care less about the GMWU's position. That is because the TUC is attacking the employers' *right* to manage industry as they see fit, but the GMWU actually endorses that *right*.

Collective bargaining assumes the existence of a force to be bargained with. However much the scope of collective bargaining is extended the employers must remain safely in a position to make the policy decisions about which the GMWU wishes to negotiate. The GMWU's notion of industrial democracy leaves the employers in charge of industry and the workers in a subordinate position where they must bargain for their supper; which pleases the bosses no end.

The TUC's idea of a 50/50 carve up of the board offers workers themselves the chance to make—not just influence, veto, negotiate or argue about—but MAKE each and every decision which affects their working lives. It is the first step on the road to making the employers (and David Basnett?) redundant.

In opposing the TUC, the GMWU is acting as though the present industrial status quo was forged in heaven and it is always the employer's place to manage and the worker's place to be managed. Unfortunately for all concerned today's breed of *entrepreneurs* couldn't run a tap let alone efficient industrial production. The employers' inability to exercise their *right* to manage has led directly to the economic mess we're in at the moment. Only the workers can get themselves out of the swamp and put Britain back on the road to economic recovery.

We cannot afford to sit idly by, arguing and negotiating while the most incompetent managements in Europe play meaningless games with our jobs and living standards. We can only protect our jobs and living standards OURSELVES.

To do that we have to take responsibility for running industry efficiently and profitably. We can best do that by backing the TUC and demanding WORKERS' CONTROL NOW.

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### **THE BANKS SAY NO!**

The National Union of Bank Employees (NUBE), in evidence to the Bullock Committee on Industrial Democracy, opposed the TUC's policy. NUBE favours

minority representation for workers on both the main boards and on the subsidiary boards of the banks.

But even this mild suggestion has been rejected by the banks. Indeed, all the Clearing Banks—apart from Williams and Glyn's—have refused even to discuss the matter. Obviously the banks saw NUBE's position as a weak one compared to that of the TUC, and decided that they were not a force to be reckoned with.

Maybe this will give NUBE food for second thought on the question. So far, the TUC's plans, even without the support of many individual unions, have scared the employers witless.

If NUBE stands with the TUC and stops trying to pacify the banks with half measures they will get at least the degree of participation they desire, and more than likely a lot more.

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### **WHERE WE STAND**

Britain's economic crisis is the result of deadlock.

The employers no longer have the power to manage industry efficiently and profitably. The workers now have that power but use it in a negative fashion.

While this further demoralises the employers, it does nothing to ensure the development of a strong and prosperous economy. It is now time for the workers to end this deadlock by taking effective steps towards replacing the employers as the rulers of industry.

Such steps involve workers immediately demanding the right to hire and fire management, to supervise management's activity and determine its priorities.

Workers' Control is the only way forward and out of the crisis.

Jobs are safe only when the economy is expanding; and new jobs would be created daily in industries run by the workers.

Standards of living would rise with productivity in industries run by workers, when workers determine how much goes to wages and how much to investment.

Only workers themselves can ensure economic expansion and so safeguard their jobs and living standards.

Common sense demands we begin now to move towards workers' control.

*Workers & Industry* supports the TUC's policy for 50% worker representation on the boards of all major companies as a major step towards the working class taking its rightful place in command of the economy and towards the rejuvenation of British industry.

We support all other measures which help to bring about WORKERS' CONTROL—particularly the setting up of workers' co-operatives such as those at Meriden and IPD.

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### **BELFAST MAKES A START**

The first serious workers' participation scheme in a state company has just been instituted at the United Kingdom's largest shipyard—Harland and Wolff in

Belfast.

The main board of the firm will consist of five managers, five workers and five government nominees. Below this will be the *Implementation Council* (or executive board) consisting of equal numbers of workers and managers.

Over each department in the yard will preside a *Joint Department Council*, again divided equally between management and the workforce. Finally, similarly constructed Productivity Committees will exist in each department.

A *resource centre* is being set up in the yard to provide offices and secretarial and research facilities for the workers.

**WORKERS & INDUSTRY WILL, IN THE NEAR FUTURE, BE PUBLISHING A DETAILED ACCOUNT OF THE SITUATION IN THE YARD.**

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## **WORKERS & INDUSTRY**

**VOL. 1 NO.5 FRIDAY MAY 14, 1976**

# **WHY INDUSTRIAL DEMOCRACY?**

***ABOUT SIXTY YEARS AGO G. D. H. COLE, ONE OF THE MOST PERCEPTIVE OF BRITISH SOCIALISTS, POINTED OUT THAT...***

*"...at some time before the wage system is ended, it may become necessary for Labour to take a hand in the running of industry, and to accept what is sometimes called 'a common responsibility with capitalism.'*

*"There may come a time when, owing to Labour pressure, capitalism and the capitalist state are no longer strong enough to control industry alone, and, at the same time, the workers are not strong enough to assume complete control..."*

*"...it is certain that the time for such a partnership is not yet. It could be acceptable only when the fabric of capitalism had been undermined by the perfection by the workers of their control over labour..." (Self-Government in Industry, 1917)*

When that was written, the trade union movement was only beginning to break once and for all with its *liberal* past. The General Council of the TUC did not exist. The Labour Party had no experience of

governing. The employers were on top; labour was the underdog, and that was that.

Since then the working class has completed its initial tasks of economic and political organisation. The trade union movement is now unquestionably the strongest power in the land; neither employers nor government can ignore or flout its wishes. Witness Heath's incomes policy and his ill-fated Industrial Relations Act. Labour is now the *natural* party of government.

Over the same period capitalism has grown progressively weaker and less able to compete in the world market. Industry's managerial *élite* has grown ever more inept and incompetent. The British economy today is characterised by gross waste and inefficiency.

It is no coincidence that the decline of the employers' power has paralleled the growth of working class strength. They have grown so used to backing down in the face of working class pressure that their

precious prerogatives have withered from lack of use. There is no such thing as a *right* that cannot be used. The employers' *right* to manage industry cannot be exercised against trade union opposition. It no longer exists. The employers are still in control of industry, still have some measure of power, only because the workers have not yet decided to replace them—because the workers have so far been content with the negative power of veto.

The situation of social stalemate and dual-power in industry which Cole described sixty years ago has finally come about. Owing to working class pressure, the employers are no longer strong enough to control industry. The industrial power of the working class is such that only they are really capable of controlling industry. But they lack the assurance, the confidence in their own ability and potential, that they need to finally wrest control of ailing British industry, consign the employers to homes for retired gentlefolk, and run their firms and enterprises in their own interest.

NOW, IF EVER, IS THE TIME FOR A *COMMON RESPONSIBILITY WITH CAPITALISM*. A *COMMON RESPONSIBILITY* IN WHICH EMPLOYERS WILL BE VERY MUCH JUNIOR PARTNERS.

That's what industrial democracy is about. It's a period of joint control in which workers will inevitably gain experience of wielding their immense industrial power positively in pursuit of definite economic objectives which they will be in a position to determine themselves. Industrial democracy is about workers learning the skills they'll need in order to devise realistic and efficient policies which promote both their interests and the interests of the economy and society at large. It's about workers taking on the valid social functions which the employing class is no longer capable of performing and themselves forcing the pace of technological change and economic and social progress.

***Above all industrial democracy, the period of common consent and joint control, is about workers developing the habit of being rulers. Workers will soon get used to exercising power to achieve constructive, predetermined, ends. Before long they'll have all the self-confidence they need to sweep the employers entirely aside and assume complete control.***

As we have pointed out before the TUC's proposed system of industrial democracy would allow workers,

once they wanted to, to immediately transform joint into complete control. At any point in the proceedings, workers will be able to combine existing shop floor power with their power in the boardroom to overrule the employers once and for all and subordinate management entirely to the aims and objectives of a new set of sovereign masters: the workforce.

How long industrial democracy and *joint* control last is entirely up to the workers. Once they decide its time for out and out, unfettered and unrestricted workers' control that's it. There'll be nothing to stop them.

THEN THE STALEMATE WILL FINALLY BE RESOLVED. THE LAST TRACES OF INEFFICIENCY AND INCOMPETENCE WILL BE SWEEP ASIDE AS INDUSTRIAL PRODUCTION AND ECONOMIC GROWTH UNDER THE DIRECTION OF THE WORKING CLASS SOAR TO NEW AND UNIMAGINED HEIGHTS.

AND THE SOONER THE BETTER.

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## VICKERS

*"I see it as the role of government and of the Organising Committee, and the Board and the Unions themselves, to stimulate and encourage and support moves by workers in industry to hammer out their own proposals for the structure of the industry and the injection of a genuinely democratic element into the management pattern..."*

Mr. Tony Benn addressing a conference in Gateshead on 24 March, 1975, on the subject of the Labour Party's policies on Industry.

The Vickers North East Shop Stewards Committees, anticipating the thinking of the Minister on this issue, set up the working party at the beginning of 1975. Its broad terms of reference were to examine and analyse the existing management control structure and to draw up alternative democratic structures. After looking at the present structure, we came to the following major conclusions:

(1) There is already a large element of control of the working environment at shop level by shop stewards and members, in negotiation, discussion and sometimes through industrial action.

(2) However, as workers we do not have a voice on the boards where, in the main, the decisions are made that we have to work to on the shop floor.

Our proposal, then, is simply 50% worker representation on the boards, at local or plant level (where they exist), at Group product level and at National level. This proposal is broadly in line with the TUC policy (as outlined in the statement on *Industrial Democracy*) for 50% membership of boards to be elected through the Trade Union machinery where more than 2,000 workers are employed in a company. We do feel, however, that one of the primary matters that the new boards should deal with is to make management structures more responsive and more democratic.

Our ideas assume that Vickers will be subject to Labour Party and TUC industrial policies, and to the current Industry Legislation proposals. The document has been widely circulated at shop floor level and comments welcomed. In addition to discussions at the North East works, the document has been discussed by the Vickers Combine Committee. The only qualification expressed by some shop stewards is that worker directors on the various boards should be allowed to remain shop stewards.

**(From a document produced last year by the Vickers North East Combine Committee)**

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### **THE PAY POLICY**

The agreement between the Chancellor, Mr. Healy, and the TUC means a negligible pay rise in money terms and another fall in real wages. This situation is being accepted by the majority of the workers and trade union leaders as necessary to bring down inflation.

The result of this incomes policy will be low inflation, the equalisation of what we produce with what we spend, and the creation of a reasonably large investment fund. In theory, this should lead to investment, growing production and a fall in unemployment.

But for the theory to become reality there needs to be a vigorous class of employers in this country to take advantage of the present situation to rationalise and re-equip, and of the future situation to ensure

production and seek out fresh markets. Such a class we do not have. The growth of the industrial and general unions over the last fifty years—and particularly since the war—has completely demoralised the *masters*. The entrepreneur of yesteryear has become a spineless industrial bureaucrat interested only in his petty social standing.

WE WELCOME THE ACQUISITION OF POWER BY THE WORKING MAN AND THE RAPID DEMISE OF THE ÉLITE RULING CLASS. BUT WHETHER IT IS WELCOME OR NOT, IT IS A FACT OF LIFE. ONLY THE ORGANISED WORKERS NOW HAVE THE POWER TO RUN THE COUNTRY'S ECONOMY.

All the economic schemes in the world can't give back their power and vigour to the employers. If Healy's plan and our sacrifices are to lead anywhere besides lower wages and longer dole queues, then the workers must sit in the driving seat of industry.

We have gained all we can from the employers by the use of our negative industrial power. We must now use this power positively and take command of industry. We must support the TUC's proposals for workers' control of the boards of industry (both public and private). And in emergency we must be prepared to take over our firms and set up worker co-operatives. (It is interesting to note that in the industrial gloom of the last year the workers' co-operatives at Triumph, Meriden and IPD, Kirby, stood out as shining successes.)

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### **A.P.E.X. & WORKERS' CONTROL**

APART FROM THE TUC'S EVIDENCE, THE BULK OF THE MASSIVE AMOUNT OF MATERIAL SUBMITTED TO THE BULLOCK COMMITTEE OF INQUIRY INTO INDUSTRIAL DEMOCRACY TO DATE ARGUES AGAINST THE NEED FOR WORKERS' CONTROL AND FOR THE EMPLOYERS' *RIGHT* TO MANAGE INDUSTRY AS INEFFICIENTLY AS THEY LIKE.

Employers, in every shape and form, from the Industrial Participation Association to the Confederation of British Industry, have put forward schemes for *participation agreements* and the like in an attempt to re-assert their long lost authority by giving workers a false sense of involvement in company affairs.

Those unions (NALGO, EPEA, GMWU and EETPU) which have rejected official TUC policy are putting forward ideas on the extension of collective bargaining which ignore the fundamental problems confronting the working class and really serve only to leave the door open for the employers' diversionary and dangerous schemes.

Neither body of opinion is prepared to concede that the only answer to Britain's economic crisis is the TUC's plan for workers' power in the boardroom.

Of the unions who have published their evidence independently of the TUC (most unions are submitting evidence via the TUC) only APEX, the Association of Professional, Executive, Clerical and Computer Staff, has made a coherent attempt to map out a viable working class road out of the crisis.

APEX believes that the case for industrial democracy is based not only on the moral argument that individuals should have the right to exercise as much control over their environment as possible, but rests also on hard, practical, considerations. In its evidence to Bullock it says...

*"...British industry has suffered from a chronic failure to invest in new plant and equipment, with the result that not only has the UK continued to slide down the world's league tables of output and growth, but it has also suffered numerous company failures, leading to short time working, large scale redundancies and, in many cases, complete shut down."*

This trend can only be reversed by workers involving themselves in policy-making and decision-taking to ensure increased efficiency and productivity. APEX cites the example of the Joint Production Committees during the last war which, by drawing on the skill, know-how and enthusiasm of the shop-floor, radically improved production. At the end of the war,

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employers hastily dismantled the joint machinery and workers resumed their normal role as takers, rather than givers, of orders.

Employers will have no such chance to ditch the system of joint control which APEX, in line with TUC policy, is proposing. The core of this system is the proposal that—

*A supervisory board including 50% trade union representatives should be established in all public sector and private sector organisations employing 500 or more persons.*

Once legislated this proposal would mark the end of the employers' *right* to manage industry as they see fit, in their own parasitic interest. Employers could never again hope to impose their will on workers.

***That does not mean that APEX's plan for industrial democracy is purely negative and aims simply to kick the bosses in the teeth. As APEX sees it—once workers have the right to overrule their employers, and are prepared to use their power to enforce that right, they will use it to positively guarantee the economic and social progress which present inefficient management is hindering. That way lies prosperity, workers' control and, ultimately, socialism.***

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