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**THE
LABOUR PARTY'S
PLANS FOR
INDUSTRIAL
DEMOCRACY**

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The Labour Party's Plans for Industrial Democracy

by Ken Coates and Tony Topham

It was symptomatic of the increasingly recognised importance of the issue that, after publishing one extended pamphlet on Industrial Democracy for the benefit of its youth movement (1) at the beginning of 1967, the National Executive Committee of the Labour Party returned to the same theme with a second major declaration (2), in June last year. At many points this second document contradicts its fore-runner, and in general it is a much more solid and better-thought-out affair.

Part of the reason for this is that the June statement is the report of a serious study-group, which included a number of highly competent participants, such as Jack Jones, the Assistant Executive Secretary of the Transport & General Workers' Union. John Hughes, Bill Simpson of the Foundryworkers' Union and Professor K. W. Wedderburn, together with several other industrial relations experts. Their report was unanimous, and it was introduced by the General Secretary of the Party, Mr. A. L. Williams, with these words:

"A thorough discussion on this report might lead to far-reaching changes being made in the foundations of our industrial society, that will endure for a very long time."

So far, however, the discussion within the Labour Party itself has not developed very far, although it has certainly burgeoned in the independent socialist press, in the unions, and in the universities. This can hardly be an accident: careful examination of this report will raise the most profound questions about the desirability of the course of Governmental policy towards the trade union movement, and, indeed, at many points, the Labour Party statement runs exactly counter to the drift of present Government intervention in industrial relations.

The great merit of the report is that it registers, formally, within the official councils of the Labour Movement, the debate which has been raging, unofficially, on its margins for the past four or five years. All the many shortcomings of the document should be viewed in this light: that it places on the agenda, in a central

1. Industrial Democracy: A discussion document for the Young Socialists. The Labour Party, 1967 — Ninepence.
2. Industrial Democracy: Working Party Report. The Labour Party, 1967 — Two Shillings.

position, issues which have for too long been simply ignored or ducked. Once the branch rooms of the trade unions, and the factory committees of shop stewards, begin to consider this statement, they will quickly sharpen out their own ideas, which may well go far beyond the tentative explorations which have been made by the team.

For this reason the report must be welcomed, because it signals the end of the paralysing pseudo-politics which have produced the present Government, and which were based on a virtual conspiracy to avoid all the major issues of power, and fudge all the basic conflicts, which beset modern society. Before one can get the right answers, one must ask the right questions; and at last a significant body of trade union opinion has begun to do just this. It may take time to distil the solutions, but once this argument has opened up, it will take more than cunning and equivocation, those two staple responses of postwar British politics, to close it down again.

The Report should be discussed in this spirit.

For all that, the Report is marked by some serious hand'caps. The most serious of all is that it approaches the whole given establishment of the State and its organs with considerable naivete. For a century and more, the State has been anything but neutral in the tug-of-war between capital and labour. It has intervened in every major upsurge of industrial unrest, in the face of every significant push towards industrial democracy, to head off and hold back the forces which might limit or control the powers of capital.

Today, the concentration of industrial power, and the pressure of international competition, have produced forcible tendencies to corporate forms of business organisation, and these in turn have gripped the State, which is clearly vulnerable, at every point, to the pervasive influence of the extended web of elite financial and managerial power. The new, increasingly corporate capitalism has abandoned much of the old entrepreneurial rhetoric about "risk" and "competition", and speaks with growing fervour of the need to "plan". So when the Labour Party Report speaks of the increasing acceptance of "the concept of purposive planning", it becomes necessary to ask the question "purposive for *whom*?" And *who* accepted it? The extension of indicative planning has nothing whatever to do with the democratic control of economic priorities, as has been clearly established in every major capitalist country in the past few years.

Even if one takes the nationalised sector of British economy, the Report grossly over estimates the degree of truly social, as

opposed to commercial, independence available to "public" enterprise. It says:

"there is less conflict felt as to the 'ends' of economic and social purposes of the firms and institutions concerned: some concept of 'public service' may create fewer barriers to the positive co-operation of work groups and their representatives than does that of profit-making for the owners of property".

This could be true if the public sector were growing and the private sector were rapidly shrinking: then the two concepts would be juxtaposed and their logic would be plain to all. But today the public sector is, in vital respects, shrinking: fuel and power, once mainly under public control, are, with pit closures and the development of North Sea Gas by private oil companies, suffering creeping but remorseless denationalisation: and in the process, the intensification of purely commercial competition in the declining public sector works in exactly the opposite way to that desired by the authors of the Report. Indeed, one of them, John Hughes, recognised the forces at work when he wrote of the exploitation of the public by the private sector, coining, some years ago, the graphic phrase 'business-mens' syndicalism' to describe this very process.

There are two moments in nationalisation which are of great significance if its meaning is to be grasped: first, as Meade has shown, in his book *Efficiency, Equality and the Ownership of Property* private property ownership was actually *augmented* by the extension of nationalisation, which has had the effect of increasing public debt and creating newly-liberated sources of interest-bearing wealth; but second, workers in nationalised industries are apt to be more politically conscious than others, which remains a key reason for advocating nationalisation. However, if it is true that coalminers learned, in the struggle against the coalowners, important lessons which were reinforced on vesting day, it is no less true that after vesting day their situation remained as conflict-ridden as ever. It would be wrong to try to persuade workers in the public sector that they might lower their guard in the interests of industrial co-operation. The miners have belatedly found this out. In the public, no less than the private sector, it is crucially important for the unions to build independent democratic controls, asserting their powers *against* management, at least until the economy at large can determine overall decisions on democratic criteria.

The Report makes a number of useful suggestions as to how legislation might strengthen industrial democracy. But it is far too circumspect to evaluate the results of the *actual* legislation, in which the Government is hectically engaged, the great majority of which is working exactly contrary to the spirit which the Report wishes

to foster. So, nothing is said about the restoration of the right to strike to its full amplitude, now badly weakened by the Prices and Incomes Act, and, if report is to be believed, about to be still further undermined by even more regressive legislation. Neither is anything said about the maintenance of a level of managed unemployment, unprecedented in the postwar period, whose first function is to increase 'disciplinary' pressure on the unions, or, in other words, to curtail and roll back those encroachments which many shop stewards have been able to make on managerial prerogatives. It is increasingly apparent to trade unionists that, rather than look towards the intervention of the Government to extend their powers on the shopfloor, they need to oil their weapons for use against that Government, as it bears down upon them with more and more officious restrictions of their most elementary rights.

Yet one looks in vain in the Report for an appropriate warning that the way to industrial democracy must be through a basic challenge to current Government strategies — through struggle and *necessary* militancy. Instead, the Report implies that the State's role is evolving in ways conducive to the advance of industrial democracy.

Having thrown vigilance to the winds in its approach to the State, the Report is ambiguous in its approach to the question of the *forms* of industrial democracy. The principal emphasis is on the need to extend workers' participation through the development of trade union bargaining rights — the principle of the "single channel of representation". It records its approval of the TUC's evidence to the Royal Commission, which stated that trade unions had in the past been too rigid in insisting that trade union independence required that they take no part in management.

The cry of trade union independence has often, wrongly, been used against the advocates of workers' control, with which it is of course perfectly compatible. But to suggest that trade union independence can safely take care of itself, whilst forms of participation are pursued by the unions, is to tread on dangerous ground. Genuinely independent workers' control requires *either* the advance, through encroachment, of independent shop floor powers won by struggle, *or* the building of committees which supervise and stand over and against the powers of management.

For this latter purpose, elected councils — or elected representatives — will be required. The trade unions should certainly be responsible for the elections of such councils or representatives. But there is nothing impracticable or unreal in the idea that workers should elect two sets of representatives to carry out two different functions — the traditional defensive role of the trade union

bargaining machine, and the new offensive forms of workers' control over management.

The short truth is that the working party's advice stems from a desire to make practical recommendations about how *things* should be *changed* to extend industrial democracy. But 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. This is the gross default of Mr. Wilson, who, before he attained office, spoke as if he were concerned to mobilise the initiative of all the workpeople as an explosive creative force; and after his preferment showed himself to be content to play the same kind of manipulative role as was enacted by his fore-runners.

There is one key area in which the Report makes suggestions for this kind of structural reform. This consists of its specific proposals for accountability, for the provision of basic information to workpeople, as a matter of right. The Report lists four headings under which companies should be compelled to provide full information to their employees.

These are so important that it is worthwhile to list them in full, with the arguments which are advanced to support the provision of such information. The Report says:

“Just as the state, if it is to extend effective social accountability and make a reality of ‘forward planning’, must have access to more adequate information from companies, so must the trade unions if they are to protect their members’ interests *and participate on equal terms in the direction of development*. We consider that the union or unions organising the labour force in a company should be ensured access to the information they require for effective bargaining and participation. Despite the recent strengthening of the requirements for disclosure of information contained in the new Companies Bill, we think that disclosure to bona fide trade unions has to be taken further (particularly so far as information on particular plants is concerned). The headings of importance, so far as disclosure to the trade unions is concerned, include:

(i) *Manpower and Remuneration Questions*

Labour force; labour turnover; manpower plan and staff development; absenteeism and sickness rates; accident rates and trends; accident prevention plans including training; other training schemes, labour costs per unit of output; payroll details and methods of payment; managerial and directorial emoluments; and qualifications of directors and senior manage-

ment. (An employer should, for instance, be obliged to tell his workers of any agreements made with other employers not to employ each others' recent employees.)

(ii) *Control Questions*

Details concerning holding, subsidiary, and associated companies; directors' shareholdings in the company; beneficial control of nominee shareholdings; internal management structure and definition of decision-making responsibilities.

(iii) *Development, Production and Investment Questions*

Proposed changes of a substantial character in methods of work and/or labour requirements; state of the order book and trend of orders gained and lost; research, development and investment plans; purchasing policies.

(iv) *Cost, Pricing and Profit Questions*

Cost and pricing structures; breakdown by plant or product applicable; turnover; financing of development.

It is important to consider how this information should be given. Just as the companies report annually to their shareholders, so they might be required to make annual reports to their workers which broadly covered this subject matter in general terms and was intelligently presented. But in addition unions should have the right of access to more detailed information under these headings, and on a continuing basis. Provision might have to be required for a limited right to withhold information, but only where it could be shown that publication, or transmission of information to a union, might involve a serious risk of harm to the firm's commercial interests".

The list covers important matters, and it should be discussed in detail. The object of trade unionists should be to extend it to make its teeth as sharp as possible: in this connection it will be noticed that two vital items which are missing are depreciation claims and the general question of reserves. Of course, these could, on a liberal interpretation, be subsumed under the heading of 'financing of development', although it would be wise not to assume that anyone will want to read such a declaration with undue liberalism, except, of course, the workpeople's representatives.

For some years now we have argued that it flies in the face of reason for any union to acquiesce in an incomes policy until *after* it has gained powers like those: for the very plain reason that the workpeople can not otherwise know whether they are being cheated until they have at least as much information about rentier incomes as the employers have about employee incomes. It would be a giant step forward if, having studied and developed the demands of this Report, the TUC would officially kill the incomes policy,

and refuse to entertain any discussion at all about a new one until the return of full employment and the implementation of this measure of accountability. In the meantime, shop stewards and local bargainers could usefully press their employers to be as forthcoming with 'business secrets' as the Labour Party Report suggests.

But of course, these demands go right to the heart of our problem. Knowledge is power, and the power of capital is stored, not simply in the institutions of force which uphold the laws of Property, but firstly and most immediately, precisely in the secrecy of its accounts. This is plainly understood by the Prices and Incomes Board, which defends that power in the most naked and ingenuous terms, in its report on Productivity Bargaining:

"There is the further question of how much information should be presented to trade unions. Clearly undertakings must be prepared to release more information than is normal in conventional negotiations if they are to win the confidence of the unions for this novel type of agreement and if they are to reach a successful settlement. We do not suggest, however, that all relevant information should be made available to trade union representatives, or indeed that the latter would necessarily wish this. Such facts might give the unions precise information on what the employer could pay before he had any notion of the figure for which they were prepared to settle. To decide whether and when to release this information is part of the art of negotiation, and unions as well as companies have their own differing styles of negotiation. One union officer will prefer to learn all he can about an undertaking's affairs, even if it means hearing a good deal of information which he must respect as confidential. He will see this as his best chance of serving the long-run interests of his members. Another will conceive it to be his duty to turn all he learns directly to their advantage in negotiations. To lay down instructions for all companies on how to negotiate productivity agreements with the unions, regardless of the methods preferred by the unions with which they deal, would be to ignore the facts of industrial relations."

(PIB Report No. 36, pp 33-4)

On this matter, the voice of Mr. Aubrey Jones speaks authentically for what we can expect from the present Government, while the Report on Industrial Democracy is asserting the original aspirations of the trade unions. On a wider field, these are shaping up for a drastic and bitter collision.

If the battle for workers' control does not form up at the very centre of the unions' strategy during that collision, it will be a bleak day for labour, and, almost certainly, a bleak day for democracy. The present lethargic drift of the British Economy

will not continue indefinitely. Either Labour will conscript capital, and in the process of a democratic upsurge, unleash the vast creative initiative of the British working people to re-organise the whole structure on a human basis, or, failing that, capital will decide that political democracy itself is an impediment to the rationalisation of its whole rickety edifice. Parliament is not eternal. Our strong man is lurking, somewhere, waiting for Mr. Wilson and Mr. Heath to conclude their pantomime. If he is to be held off and defeated, we must quickly awaken to the fact that democracy is a permanent self-deepening process, and that unless it is able to expand, it will die.

If only the Labour Movement can awaken to this challenge in time, if only the unions, from top to bottom, can elaborate their new demands in a dynamic, aggressive spirit, then there is time. We may not have long to say that.

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