



UCS

***Workers' Control:
The Real Defence against
Unemployment is attack!***

John Eaton, John Hughes and Ken Coates

THE INSTITUTE FOR WORKERS' CONTROL

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INTRODUCTION

Ken Coates

The threatened closure of the Upper Clyde group of shipyards is the latest, and largest challenge to date, thrown down by the Government to the working people of this country. When the great "rationalisation" drive set in at the GEC empire, under the Labour Government, it could at least be claimed that certain departments were short of orders. At Upper Clyde no-one dare make such a claim, since 30 ships valued at over £90m are commissioned already. The order book for the whole of the shipping industry in the UK stands at 312 ships, worth £690m: so that UCS accounts fall slightly below 10% of the ordered tonnage, and as much as 13% of the value, of the whole shipbuilding industry today.

THE FULL ORDER BOOK AT UPPER CLYDE

Tonnage	Ship type	Owner	Delivery
Clydebank Dvn (formerly John Brown)			
5,000	drilling rig	Rimrock (UK)	
2,000	train ferry	NZ Government	end 1971
18,000 (2)	Clyde cargo ships	John Samonas and Sons	1971
18,000 (3)	" "	Haverton Shipping Co.	1971-72
26,000	bulk-carrier	J and C Harrison	1972
26,000	" "	Reardon Smith	1972
27,000 (2)	" "	Lyle Shipping	1972-73
Govan Dvn (formerly Fairfield)			
15,400	suction dredger	Costain/Blankenvoort	1971
6,860	" "	Brazil Government	1971
25,000 (2)	bulk-carrier	Cardigan Shipping	1971
25,000 (2)	" "	Reardon Smith	1971
26,000	" "	Cardigan Shipping	1972
26,000	" "	Irish Shipping	1972
26,700 (2)	" "	" "	1972
27,000 (2)	" "	Hogarth and Sons	1972-73
Scotstoun Dvn (formerly Charles Connell)			
18,000	Clyde Cargo Ship	Haverton Shipping	end 1971
18,000	" "	Seafern Shipping	1972
26,000	bulk-carrier	Gowland Steamship	1972
26,000	" "	J and J Denholm	1971

Source: *The Times* June 15, 1971.

Closure of such a vast section of the industry would have truly catastrophic effects on the labour force not only in shipbuilding, but in very many other industries as well. The British Marine Equipment Council has warned that the failure of UCS would "have a disastrous effect on many of its 150 members, including insolvency for some." The British

Steel Corporation supplies 75,000 tons of steel a year to UCS. Most of this comes from the Clydebridge Steelworks at Cambuslang, already working at recession levels of production, and now faced with a loss of 30% of its orders.

As Anthony Wedgwood Benn said in Parliament, the Government has thus been guilty of "a wholly characteristic and massive betrayal of 7000 men directly involved, and 20,000 others whose employment depended on this company."

This betrayal is "justified" by the policy of not helping "lame ducks". But if UCS is lame, who is responsible? Not the general public, who have already poured great amounts of public funds into the yard.

Up to 1969 the Labour Government had put £24.8m into the yards. Now the Tories are going to butcher them. Having invested all this amount of taxpayers' money, what Government in its senses could attempt to justify the sacrifice of its investment on purely doctrinaire grounds?

Not the workers, each of whom has contributed unstinting service, and many of whom have spent a lifetime in shipbuilding, with, over much of the time, very inadequate rewards. Productivity in the Upper Clyde yards had been rising with extraordinary force. Cuts in the labour force were accompanied by an increase of no less than 87% in productivity in a single year. Who, then, has lamed this duck? There is only two candidates: The employers and the government. No-one can accuse the workpeople of "mismanagement", since they have always been deprived of the opportunity to exercise any influence whatever over the predominant policies of the industry. It is the system of authoritarian management, the dictatorship of property over economic policy, which has failed: not the human beings who have devoted all their energies and skills to building ships. And it is above all the Government, which has been pursuing a policy of deliberate inflation and high levels of unemployment, which bears the main responsibility for what has "gone wrong".

The IWC has prepared this pamphlet, the first of a series on the UCS, to help the working people of Scotland in their struggle for jobs and a decent working environment. We are proud to support the workers in the yards, who have announced that they will occupy their workplaces rather than allow them to be closed. At the same time, we feel that workers in every industry and trade union must actively come to the support of their brothers at UCS, since otherwise they will fight alone and be defeated. They must not fight alone! They must be able to call on all of us, every member of the great army of labour, for active support and assistance!

THE SPECTRE OF UNEMPLOYMENT

John Hughes

Unemployment, background.

The Scottish labour market in 1971 provides in extreme form an indication of the deterioration in employment opportunities and steep increase in unemployment that is in train throughout Great Britain. In the relatively fully employed economy in the first half of 1966 there were 14 men registered as unemployed in Britain for every 10 job vacancies, but in Scotland there were 47 unemployed for every 10 job vacancies. By April 1970, the average figure for Britain had deteriorated to the level experienced in Scotland in 1966, that is there were 47 men registered as unemployed for every 10 job vacancies on the employment exchange books. But by then in Scotland there were 114 men unemployed for every 10 job vacancies. By April 1971 the British average figure was moving up fast towards the Scottish 1970 level; in April 1971 there were 85 men unemployed throughout Britain for every 10 job vacancies. . . . But by then in Scotland there were 246 unemployed men for every 10 job vacancies, nearly twenty five unemployed for every notified vacancy. So Scottish unemployment is not just Scotland's concern. Over the last five years, unemployment in Scotland has been an advance warning of what could develop over the whole of Britain if a combination of reactionary economic policies and political incompetence was given its head.

One third of the total male unemployment in Scotland is concentrated in Glasgow alone. In April 1971 there were over 30,000 men wholly unemployed in Glasgow, exactly one third of the 92,000 in Scotland as a whole. In the single year from April 1970 to April 1971, unemployment of men in Glasgow had risen 40% (a proportionately steeper rise than in the rest of Scotland where unemployment rose by a third). This may be contrasted with a rise of unemployment among men of just over 21% for Great Britain as a whole. In other words the deterioration in the Glasgow area has been proportionately nearly twice as severe over the last year as in the country as a whole.

Over the last five years for which we have figures (from mid 1965 to mid 1970) the number of men in employment in Scotland fell by 70,000. That is, *before* the most recent steep rise in unemployment and further fall in employment since the middle of last year. The reduction in the number of men in work in the Scottish economy must by now be at least 100,000 as compared with the mid 1960s.

There are a number of reasons for believing that the general level of unemployment is still rising, and that manufacturing employment is

continuing to shrink. It can be estimated that the total number of hours worked by manual workers in the manufacturing industries of Britain has fallen 10% in the twelve months to April 1971. This, together with a rise in prices which since late 1970 has been running at an annual rate of over 12%, has reduced total *real* income, purchasing power, in the hands of working class families. This abrupt change from rising real income in the first three quarters of 1970 to sharply *falling* real income in the last six months has undermined the basis for rising output in a wide range of consumer goods industries. These are now suffering from a "stock recession" and have been cutting back output. We have yet to see the impact of the sharp decline in capital investment not only in manufacturing but in other sectors of the economy also which is now clearly forecast for 1971/72.

So, serious as the unemployment situation is in Britain as a whole, it is three times worse in Scotland (if you measure in terms of the number of unemployed men in relation to known vacancies). Serious as the increase in unemployment has been in Britain in the last year, with over 100,000 *more* men out of work, a rise of over 20%, the proportionate rise has been nearly twice as bad in Glasgow. Appalling as all this is, we must expect that even worse levels of unemployment are to come. And it is against this background that the government sacrifices the U.C.S. workers to closures and unemployment.

The Economic Sums

Nearly forty years ago, against a background of mass unemployment, Keynes worked out the basic theoretical analysis which not only explained general unemployment, but also indicated what had to be done about it.

His basic argument showed that there was very little, if any, "cost" to the public accounts if the government spent heavily to create employment and additional incomes. You don't have to be a professional economist to grasp the logic. If more workers become unemployed they not only lose a substantial part of their income but they stop paying direct taxes into the revenue; instead the government finds itself paying out more in unemployment or "supplementary" benefit. That is not all; the loss of income on the part of the unemployed means they can buy less, demand for consumer goods shrinks, and more workers are forced into unemployment. This is the so-called "multiplier" effect working to increase unemployment beyond the initial level that was created. Consequently, if the government backs schemes that maintain employment that would otherwise be lost, or puts money into activities that increase employment, it will benefit financially from the lessening of benefit payments and from a rise in its tax receipts. The whole economy will benefit from higher real output and income. In a mood of cynical despair, Keynes suggested that if politicians could think of nothing more productive for men to do, they should bury bank notes in disused coal mines,

fill them up with rubble, and let private enterprise dig the bank notes up again; *even that* would be better economics than letting more men become unemployed. One wonders whether even he would have words adequate to condemn politicians who would jeopardise employment of workers engaged on the production of a whole fleet of ships, in the middle of an area with at least 10% (and rising) male unemployment.

It is worth looking a little more at some of the sums that would be taken into account if by some fluke we had a government that was prepared to look at the whole range of "costs" and "benefits" involved in the choice between maintaining U.C.S. in operation and bankrupting it. Of course, we have not got a government that tries to do rational sums about the economy, but at least we can explain how the matter should be approached.

(a) If U.C.S. goes bankrupt, then there is a direct loss of income to unsecured creditors and a further effect that can best be described as a shock to their confidence. This falls mainly on firms in the engineering sector, many of them in Scotland. It follows a similar and even larger loss and shock to confidence caused by the bankruptcy of Rolls Royce. This can be expected to reduce not only the income and the output of the firms affected (thus causing a downward "multiplier" to spread deflation and unemployment). It must also operate to reduce decisions about capital investment; these investment reductions would arise from diminished cash resources, greater difficulty and expense in borrowing to finance new investment, a more pessimistic view of the future prospects on the part of those taking decisions, and the reduced capital requirements that would be directly implied as a result of their loss of markets for their products.

What is likely to happen is a major fall in productive investment; at some point the government will panic or be prodded into offering "inducements" (credit or fiscal subsidies in one form or another) to remedy the situation. Hence the "cost" of pursuing the line of bankrupting firms like Rolls Royce and U.C.S. is a decline in output, incomes, and employment, and a deepening of the investment recession; the cost to the public finances will be not only the loss of tax revenue from those previously employed who are rendered unemployed, and from the diminished profits of companies, but also the cost of greater payments of benefit, and later on the cost of panic measures to "induce" higher activity and investment.

Is there any counter argument in favour of creating this effect on other firms (that is the loss of markets and finance, the confidence shocks, etc.)? None at all.

(b) If as a result of "liquidation" and some subsequent "reconstruction" there is a loss of jobs and output that would otherwise have been forthcoming in U.C.S., how is this to be calculated? It should be noted that the forcible dismembering of parts of the company, the sense of

strain and insecurity, will certainly damage the rising levels of labour productivity that U.C.S. had been achieving, and equally certainly will disrupt production schedules and be detrimental to unit costs. So the loss of both output and income will be greater than might appear.

If there were alternative productive employment for the men involved, and for most of the capital equipment and production facilities that are to be displaced, there might be a case for facing some major re-organisation. But this is not the case, not only in the immediate future but for some time to come. What has been said in an earlier section about the employment/unemployment prospects makes this clear.

Instead, we have to take into account the further "multiplier" loss of jobs, income to companies, and output that will be involved in any major contraction of the work up to now in progress at U.C.S. This will magnify the initial loss of jobs and output. Since the manufacturing industry of Scotland already is in the grips of its most serious post-war depression, this consequence is a serious one. The point might be put this way; if the cut back at U.C.S. were offset by a vigorous expansion proceeding now in the rest of the Scottish economy the real economic losses involved would be reduced. But this is simply not the case.

The government, which declined to help finance the high level of work in progress in U.C.S., cannot avoid a heavy public financial cost from reduced tax revenue and increased benefit payment. Eventually it will be driven to spend money (or forego tax revenue) to reverse the growing unemployment and under-employment of the economy. But this financial cost to the government of pursuing its present policies will be only a part of the real economic cost involved in terms of loss of real wealth (whether thought of as output or income). In the longer run the government will end up more out of pocket than if it had supported U.C.S. and ensured that its large construction programme went through smoothly. But the ordinary people of Glasgow will suffer far more seriously.

(c) It is a commonplace that there is some conflict between a programme of rising employment and rapid output growth and on the other hand the maintenance of a strong balance of payments position. So in an industrial recession such as the present one, it is important to examine *also* whether the output that is lost as a result of the bankrupting of U.C.S. would have been beneficial to the balance of payments. It goes without saying that this is the case; indeed shipping has in all countries in recent years attracted large subsidies precisely because of the balance of payments advantages involved. There is a balance of payments advantage in producing ships in Britain instead of elsewhere so far as our economy is concerned. And there is a balance of payments advantage in producing new shipping that will be delivered on time and strengthen the British owned shipping fleet. Consequently, the government, in so far as it disrupts production in U.C.S. yards through its failure to support the company, is directly inflicting a further economic cost upon the community. It is damaging the balance of payments and making more difficult the task of

combining renewed economic growth and higher employment with a favourable balance of payments.

U.C.S. and Rolls Royce

The government handling of U.C.S. is even more of a scandal than its treatment of Rolls Royce.

In the case of U.C.S., the government is the major shareholder. As it had the resources of finance available if it chose, and as *any* analysis of the costs and benefits involved for the Scottish (and British) economy must be in favour of supporting U.C.S., it should have taken on the responsibilities involved. Essentially, what was needed was the injection of more cash to finance the very large element of "work in progress". As the U.C.S. had been successful in attracting a large order book it necessarily faced a problem of securing cash to finance its purchases and its wage bill. The achievement of that order book was a major benefit to the Scottish economy, offsetting the deepening recession elsewhere in the Scottish economy. The Scottish economy could have usefully done with some more U.C.S.'s. This shipyard, like others, and like many engineering industries (including Rolls Royce) was suffering some squeeze on its expected profitability as a result of tendering for construction at a fixed price and having to face a process of "cost inflation" between the start of operations and the final delivery date. In so far as the government has not only failed to check the cost inflation, but has taken measures which have worsened it (above all leaving big business free to advance prices in rapid succession), the U.C.S. has been the victim of this government's economic failures. It has *not* been suffering from serious wage cost inflation, however, since the big increase in productivity it was securing must have been considerably helping its unit costs.

3. In the case of Rolls Royce, the government moved in to take over the reconstructed firm and maintain maximum continuity of production after the bankruptcy. Thus, in that case, however damaging the grocer-like decision to see Rolls Royce declared bankrupt, at least what emerged was a firm under public ownership. In the case of U.C.S., we have almost unbelievably the government which was the major shareholder expecting the fragments of U.C.S. to be picked up by private enterprise. That is hardly the way to provide guarantees to the workers as to their *security of employment and conditions*. It is even less likely to provide the continuity of production programmes that would be a valuable support to the Scottish economy as it moves into the dark valley of the 1971 slump.

Our conclusion? The government, as the most important shareholder in U.C.S. and in the light of the needs of the Scottish economy, should have provided the cash for U.C.S. to continue with its production programme. Such an approach would have certainly turned the government into a dominant majority shareholder. We can only assume that, in pursuit of its sterile dogmatism of hostility to public enterprise, the government was not prepared to take a dominant position in U.C.S.

As events have moved, the key requirement now is the nationalisation of U.C.S. as the only responsible basis for a programme that will produce maximum benefit for the Scottish economy. This means, :-

- maintenance of the full production programme;
- maintenance of job security and conditions for the U.C.S. workers

It is necessary at this stage to look beyond the immediate situation and the immediate demand for nationalisation of U.C.S.

There are two possibilities for the organisation of U.C.S. within a framework of public ownership. One would be to transfer its assets to the British Steel Corporation. As a major user of Scottish steel, the U.C.S. is an important link in the future operation and development of the steel industry in Scotland. It would fit well into a diversified Corporation, which has a wide range of engineering subsidiaries, extensive expertise available to it and a wide range of marketing experience. Besides, B.S.C. because of its major concern with the importation of iron ore is already deeply interested in shipping services and has considerable experience to draw on (e.g. as to bulk carrier operation). The other alternative would be to create out of the existing range of government factories (Ordnance, etc.), Rolls Royce, and U.C.S., a public engineering corporation which would command major resources and capacity for further development. The vast extent of public sector purchases of engineering and transport equipment would be better served if there were a stronger public sector within the metal using industries.

What this means is that U.C.S. should not be looked at just on its own. It should be given access to the finance and technical and marketing expertise of a powerful public corporation. We have heard a lot from the government recently (though never with any economic logic behind it) of "hiving off" sections from nationalised industries. What we are proposing is the "hiving on" of U.C.S. to a strong public corporation.

This approach has the long run advantage of greater flexibility, and wider opportunities of product diversification. There is the possibility, after the present phase of full order books and increased world shipbuilding output, of a decline in demand for new shipping. A large multi-product corporation, commanding a wide range of engineering and manufacturing skills, could handle the adaptation of the human and capital assets of a firm like U.C.S., if that became necessary in the future, better than a single product shipbuilding producer. A large, diversified, public corporation with a powerful base in shipbuilding would also be a positive force in the future development of the whole British shipbuilding industry and would facilitate the extension of public ownership in the engineering and shipbuilding sector.

Consequently, the trade unions (and *not only* those directly involved) should actively support the struggle of U.C.S. workers to secure the nationalisation of their firm. An urgent meeting of the T.U.C.'s nation-

alised industry committee should examine the most practical steps that should be taken. This would in its turn help to strengthen the wider struggle of workers in many public corporations to resist the dismemberment of the nationalised industries and the run down of their investment and development programmes.

MR. WEDGWOOD BENN SUPPORTS OCCUPATION OF SHIPYARDS

Mr. Anthony Wedgwood Benn, shadow spokesman on employment and industry, was loudly cheered at a meeting of Clydeside shop stewards in Clydebank last night when he endorsed the proposed trade union action of "sitting in" in the Upper Clyde Shipbuilding yard threatened with closure.

"This is a decision you have taken and it is for you to decide," said Mr. Benn. "Your decision not to evacuate the yard is absolutely justified in the circumstances."

Just as in the case of Rolls Royce, the Government had made an appalling blunder over UCS and would have to reverse their course. He had been expecting the news for 12 months, but he did not think the reason given by Mr. Davies for the liquidation of UCS stood up to one moment's examination.

The firm's position compared with three years ago was totally different. A reduction in labour force had been allied with an increase in productivity of 87 per cent in a single year. Their steel throughput was as good as that for any yard in the shipbuilding industry.

They had orders worth £90 million in their books, and there were prospects of doubling that order book for their new standardised carrier. It was expected that by the end of this year UCS could be viable.

The Government were prepared to liquidate all that and jeopardise the livelihood and future of 27,000 people in pursuit of political dogma.

Mr. Benn, who had flown from London to attend the meeting after hearing Mr. Davies's statement in the Commons said: "I am not surprised at the decision which John Davies announced because, in my opinion, the lame duck, above all, that they intended to bring down was Upper Clyde Shipbuilders. I believe that to have been their intention from the beginning.

"It is not an economic decision. There is no shred of economic justification for imperilling 20,000 jobs in a yard which is within months of viability."

He said that the cost of bringing new work into Scotland would be far higher than the sums involved in carrying UCS through the final stages of its reconstruction.

The Scotsman, June 15, 1971.

WANTED: AN ALTERNATIVE ECONOMIC POLICY

John Eaton

From 1940 to 1945 I was involved in the economic planning of war production (ships, naval armaments etc. in the Admiralty). In 1947 I became Joint Secretary of the Economic Planning Board set up under the slogan 'Those who planned for war will now plan for peace'. But within a year the Planning Board had parted company with those of us who believed that planning — as it had in war — meant making resources available to achieve required output of specified products (houses, tractors etc. for peace as ships, torpedoes etc. had been produced for war). British planning then came to nothing and, in effect, fizzled out. But wartime experience proved beyond doubt, that emergency planning can effectively and rapidly make use of available economic resources (men and women primarily, but also such plant, machinery, and materials as are available.) What was done for war could have been done for peacetime reconstruction. But this course was not then followed. Today the British economy (and Scotland in particular) faces an emergency of extreme straits. The market and financial climate is killing off some of the most efficient productive organisations (UCS and Rolls-Royce). Conditions of production and conditions of marketing and finance are in conflict. The commodity exchange system (i.e. capitalism) faces crisis — the crisis of not being able to use its resources, and the most important economic resources are people. So this is a double crisis — the crisis of a jammed economic system and the crisis of unwanted (= unpaid) people.

There is only one conceivable line of escape — an emergency economic programme for Britain. (Or if not for Britain at least for Scotland.) It is quite clear that the collapse of UCS would pull down numerous suppliers at the same time and these in turn would pull down all the families, shopkeepers, services etc. dependent upon them. The threatening disaster is one of unused resources; the answer very simply is *to find means of directly using resources for socially useful functions*. To be more concrete, take UCS as an example. UCS has a good number of orders on its books, and the first obvious useful purpose is to meet these orders and receive payment for them.

This means immediately that working-capital must be made available and this can be done very simply, very directly by the State controlled banking system. (In wartime working capital is made available to contractors on war orders without any delay.)

All the facts about the operations of UCS must be made public ('Open the Books') so that the economic use of resources can be watched, discussed and scrutinised publicly.

than years.) However, its starting point must be to keep production going full-blast at UCS on the orders already in hand. And *at the same time* involve as many people inside and outside UCS in discussing and working out plans for the future. This means discussions involving the whole Clydeside community. The crisis of UCS is not its own, but Clydeside's, and the crisis of Clydeside is Scotland's, and Scotland's crisis is Britain's. So there is a lot of planning and discussing to do! We must appreciate that this is essential. The 'lunacy of UCS liquidation' is part of a huge problem about the way that society and the economy operates. We cannot save UCS without realising that the toes of many vested interests need to be stamped upon very heavily. Obviously the owners of those toes won't like it. For this reason the community must understand what all these battles are about if they are to be won. So there will be a lot of meetings, discussions, planning, researching, arguing and thinking to be done, as well as fighting for the solutions and policies which the people are able, stage by stage, to find.

A LETTER TO THE GUARDIAN

Institute for Workers' Control

The Guardian,
192 Grays Inn Road,
London, W.C.1.

17th June, 1971.

Dear Sir,

Geoffrey Whiteley's report in the Guardian of 15.6.71 has not accurately understood the developments at Liverpool GEC in 1969, in which this Institute was involved. The proposal to work the factories which the workers had intended to occupy did not come from this Institute, which was in general somewhat sceptical of the possibility of doing so. It was a proposal made by the shop stewards and trade union officers on the spot, and the Institute did all in its power to assist them, on the general grounds that the Institute exists to service the trade union movement in the tasks which it sets itself in the field of worker's control.

I have no doubt that the majority of the members of the Institute for Workers' Control would be convinced that the most practical form of resistance to redundancy and dismissals on Clydeside would be the very action which the workers at UCS are proposing to take themselves: to wit the occupation of the shipyards. An attempt to work them involves prodigious organisational problems. It also involves numerous technicalities which can be extremely hazardous, notably the problem of insurance cover for workers injured during the time of working under self-management. To take over the premises and refuse to allow their closure is a much simpler and more practical strategy.

If it emerges that costs must exceed contract prices for existing orders, then this unfortunate legacy of the market-contracting in the past must be accepted. It is, however, inconceivable that the loss (if any) will exceed the cost of throwing thousands of people out of work.

Plans must immediately begin for extending UCS and starting other enterprises to use Clydeside resources for socially useful purposes absorbing the 9.6% unemployed and raising the activity rate amongst the population generally with the object of eliminating basic poverty and raising living standards generally on Clydeside.

As regards 'plans for the future', what forms will they take? First and foremost UCS know how to build ships, and ships in the near future will be its best product. Who wants ships? This is not the same question as who can pay for ships. But some who want can also pay; that is, UCS will look for new orders but must have safeguards against fluctuations of costs outside its own control. Some who want to cannot pay in hard cash – but they may be able to pay in goods. (Various countries in Africa, South America, China, etc. could be approached under this heading. They might need time to pay, and the terms would obviously include an element of barter, but barter is a safeguard against inflation!)

If there are not sufficient orders for ships to expand UCS as rapidly as is necessary to employ available resources, other products must be examined. In war there was much switching of products; a peace-time emergency programme can also switch products, and it so happens that building ships (places in which people can live sheltered from the elements) is like building and equipping places for people to live on land. For shelter and the furniture of living Clydeside has 'a market' on its own doorstep. UCS could make the things that their surrounding community want. But how can the community pay? Very simply they pay by contributing their work directly or indirectly by producing other things that are either (i) needed by UCS or other local producers or (ii) producing things that can be sold on the 'outside market' or (iii) producing things for exchange or 'barter' for goods needed by the local community.

But surely all this is impossible? Not at all; it is just what happens in an emergency economy in wartime – and then the element of 'ordinary market sales' is even more severely restricted. And where is the money to come from? There must of course, be controls over foreign exchange (as in wartime); but given these, the State controlled banking system issues credits etc. to meet the needs of the production plan, since in turn is drawn up so as to bring all available productive resources into employment. Money follows production – not the other way round. Production ceases to be at the beck and call of the international money market.

This is a perspective for the future – but more quickly realisable than many may imagine. (The switch to war production took months rather

Where the strategy of self-management as an immediate perspective has more relevance is in those enterprises (especially the nationalised enterprises) which supply UCS. I would clearly make sense if steel workers were to resolve that supplies should be continued to their brethren in the shipyards, whatever financial difficulties those yards may be suffering. No doubt delivery men could take similar resolutions. In this sense the onus is on the Labour movement outside the shipyards to make co-operative production possible within them. Such a task could never be approached from the level of the shipyards themselves in isolation. As for the role of the Institute in all such efforts, this depends upon the needs of the workers concerned, and their own requests to us. We think it most important no redundancies should be accepted by work people in a time of growing unemployment. We also think it most important that workers should win access to the account books of their employers, and we are prepared to offer expert technical assistance to groups who have been able to persuade their employers to meet this demand. If the UCS workers need accountancy help, we shall be most happy to provide it for them.

Yours sincerely,

Ken Coates

**AMALGAMATED UNION OF ENGINEERING WORKERS
(Technical and Supervisory Section)**

**Emergency Resolution – A.U.E.W. National Conference
UPPER CLYDE SHIPBUILDERS LTD.**

“This A.U.E.W. National Conference condemns the attitude of the Government in refusing the request from Upper Clyde Shipbuilders for liquid capital. It views as abhorrent the alternative posed by the Board – of liquidation.

National Conference calls upon the Government to provide the necessary capital to maintain Upper Clyde Shipbuilders as a shipbuilding unit and the Upper Reaches of the Clyde with all the social and economic consequences in mind if this fails.

National Conference further views this new injection of capital as further reasons for complete nationalisation.

National Conference fully supports Upper Clyde Shipbuilding workers in their determination to fight by all means at their disposal to maintain shipbuilding and hence employment on the Clyde Upper Reaches.”

J.D.B. Rowan

No. 2 D.C. Secretary.