

Catching up with the times: How far the TUC got the message about WORKERS' CONTROL

by Ken Coates and Tony Topham



Suddenly everyone seems to be talking about the issues of workers' participation or control. A number of important statements and reports have been published in recent months but, surprisingly perhaps, by far the most challenging and radical of these is the TUC's *Interim Report on Industrial Democracy*. Issued at the beginning of July 1973, it offers policies which go far beyond the window-dressing schemes which the Government and the EEC have based on the German model of so-called 'co-determination'.

In this pamphlet Ken Coates and Tony Topham, who have been spokesmen for the growing movement for workers' control throughout the past 10 years, and who have written extensively on the topic, subject the TUC's Report to a searching critical analysis.

Coates and Topham argue that the establishment is right to be worried by the TUC's proposals and to see in them a grave threat to capitalist domination: on the other hand critics from the left, they believe, have to some extent misunderstood the proposals. Certainly such critics have failed to grasp the potential contained in them. The authors argue that, if the TUC programme is taken seriously as 'an agenda for action', which can itself be clarified and sharpened (particularly as far as the key public sector is concerned) all the time the Labour Movement is fighting for it, the Report could focus the struggle to shift the balance of power in Britain, and move the country in the direction of socialist democracy.

It is as a contribution to this debate and struggle that this pamphlet is offered.

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THE TUC PROPOSALS

The movement for workers' control is as old as socialism itself, but in its contemporary form in Britain, it dates back some ten years, to that point in time when it became clear to active trade unionists and observant socialists that the shop stewards' movement was in fact achieving substantial gains in the establishment of plant-level controls over employers' authority. From that realisation through to the present time, the workers' control movement has advanced hand-in-hand with the extension and deepening of trade union organisation and initiative, and the growth of the workers' own self-confidence in their abilities to take ever more ambitious strides along this road. Over these years, the evolving authority of the shop-floor has in its turn effected a considerable democratisation of the major trade unions themselves; the demand for industrial democracy now finds expression through the workers' own organisations with a persistence that would have been unthinkable in the early 'sixties. Inevitably too, the theme has passed into the policy-making procedures of the Labour Party, and has also produced some predictable responses from governments and representatives of capitalism.

As the organised trade union movement has discovered new forms of struggle with which to combat and hold back the combined assaults of the Industrial Relations Act and the institutions it has created, and the forays of powerful companies seeking to exercise sweeping powers of hire and fire, so it has also learned to spell out, with increasing clarity and audacity, its own demands for encroaching democratic powers within industry. With the publication of the TUC Interim Report on *Industrial Democracy*, in July 1973,¹ the movement has reached a new high point: because in its proposals for the reform of Company Law, this document speaks the language not simply of encroachment, but of the assertion of *equal rights* for workers against capital in the control of private business. It is true that in the public sector of industry, the TUC's current ideas are still influenced by a neo-Fabian respect for the public-minded independence and integrity of the Boards of nationalised industries, and we shall return to a critical examination of this problem at a later stage in this pamphlet. Even here, however, the TUC recognises that "the highly developed but often spurious joint consultative machinery has been inadequate to safeguard the interests of employees in the nationalised sector". This is a far cry indeed from the TUC's 1953 *Interim Report on Public Ownership*, in which it was asserted that "Joint consultative machinery is essentially advisory as distinct from executive in its scope . . . this limitation, which is inherent in the policy of Congress, must be recognised and accepted, and joint consultative machinery must not be expected to give executive power to workers' representatives".²

In its general analysis, and particularly in the sections of the analysis which point towards the practical legal reforms which the TUC advocates in the private sector, the new document repudiates with equal force the quite openly autocratic statement contained in the TUC's 1960 Report on *Disputes and Workshop Represen-*

tation,³ which pronounced all efforts at shop steward co-ordination above immediate plant level as "attempts to undermine the authority of the unions". Today's TUC Report shows a willingness not only to encourage grass-roots initiative, but also to learn from it. Most notably, the TUC acknowledges, with very little reservation, the effectiveness of the movements to "sit-in" and "work-in" which have developed so dramatically since 1971.⁴

"In the extreme circumstances of closure resulting from such decisions, (i.e. 'decisions taken unilaterally by the owners of capital') 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 'post-facto' reactions to crisis situations. As such, they may in many circumstances be desirable and legitimate trade union tactics".⁵

The ghost of Lord Carron, who in the flesh presided over the attempted suppression of very many rank-and-file initiatives of much less ambitious scope than the sit-in, has been well and truly laid.

It cannot be too strongly emphasised, therefore, that in approaching this document, we are bound to recognise the extent of internal democratisation within the major unions which has been achieved in the past decade, and which alone makes possible the radicalism of the reform programme which the report contains. Jack Jones' claim in this respect is largely justified.

"Shop Stewards have increasingly been directly involved not only in the final taking of decisions over agreements, but in the formulation of claims and the negotiations which followed. This has on occasion resulted in some tension between officials and stewards, and stewards and members (we have no intention of merely replacing bureaucratic officials with bureaucratic shop stewards). But these are part of the growing pains of industrial democracy".⁶

It is not in the least surprising, in this situation, that the Report starts out from the territory already occupied by the Labour Party's Report on *Industrial Democracy* of 1967,⁷ produced by a working-party of which Jack Jones was the chairman. This document pointed out that collective bargaining was the very basis of all previous progress in the limitation of employers' arbitrary powers, and the strategic core of any programme for advance. The new TUC statement again insists that "collective bargaining is and will continue to be the central method of joint regulation". A strategy for the extension of collective bargaining is spelled out: it includes the restoration of legal rights to conduct collective bargaining, and the protection of trade unions involved in disputes from attack by either the Industrial Relations Act or the "Counter-Inflation" laws of the present government. It includes the systematic extension of joint control over plant-level and productivity bargaining processes, and, most crucially, it includes the universal pursuit of mutual *status quo* clauses in procedure agreements. The TUC's own recommended version of a model *status quo* clause is as follows:

"It is agreed that in the event of any difference arising which cannot immediately be disposed of, then whatever practice or agreement existed prior to the difference

shall continue to operate pending a settlement or until agreed procedure is exhausted”.

The significance of such a clause cannot be over-emphasised: it confers upon the workers' side in any dispute the procedural right of veto over unilateral management decisions to alter work-processes or any of the conditions of a collective agreement. The establishment of *veto* is central to the later proposals for Company Law reform which we discuss shortly.

To encourage the further extension of collective bargaining, the TUC warns of the dangers of some of the “manipulative aspects” of modern management's use of job enrichment devices, and argues that the re-design of jobs in industry should again be undertaken only on a basis of mutuality, and should be dependent upon the provision by management of regular flows of information relating to company investment plans. The TUC calls for two new forms of access to company information. The first of these involves the negotiation of “Information Agreements” and the second will require new statutory requirements on disclosure. The Report spells out a series of requirements in this field, many of which have appeared in previous TUC and Labour Party publications. It issues a justifiable warning to Labour politicians who are wavering on the principle of accountability. (Should we respect “confidentiality” about trade secrets, or matters helpful to competitors?) pointing out that such arguments “can be used . . . to evade the issue of disclosure”. Workers need to insist upon their rights to *any* and *all* information which they consider relevant; whether this entails empowering shop stewards' convenors to require such data as they wish to have direct from company officials, or workers' directors to perform a similar function. The TUC points out correctly that any extension of trade union access to secrets should be accompanied by an extension of training programmes for trade union representatives, to develop the understanding and interpretation of such information.

Thus far, our summary has concerned the TUC's recommendations for the extension of single-channel collective bargaining. But entirely new ground is broken at this point; the TUC affirms that with the concentration of capital into larger and larger company units, the vital decisions on investment, planning, mergers and take-overs, redundancies and closures are taken in remote board rooms where collective bargaining has not penetrated, and concludes that “There therefore needs to be an examination of how workers' organisations could exert a degree of control over planning and policy-making”.

AGAINST CO-DETERMINATION

In working out its proposals in this territory, the TUC has examined the European system of Works Councils, and the German system of co-determination, and has firmly rejected the first, whilst advocating amendments to the second which are so radical as to negate most of the objectionable features against which German trade unionists have been agitating for many years. It is well known that whilst the TUC was engaged in its long-term study of industrial democracy, the present government asked for TUC views on the EEC Brussels Commission's proposal for the creation of a European Company statute, as a step leading towards the harmonisation of company law throughout the Common Market. The Brussels Commission seeks, at one

blow, to universalise "participation" of the most corporate type, and to make it possible for European transnational companies to register once only in order to operate freely throughout the Market area. The British business press has largely played down these proposals, but they are clearly a key part of any movement towards the "Europeanisation" of capital. As such, they have already aroused keen opposition from the Belgian trade unions, who published a vigorous attack on them at the beginning of 1971. This was significantly entitled "*A Programme for Workers' Control*".⁸ In this context, the TUC's present formulations should be seen both as a programme for domestic legislation under a Labour Government, and as a sharp rejection of window-dressing forms of participation and non-union Works Councils on the European model. The one aspect of European company structure which the TUC has adopted is the concept of a *two-tier* system of company boards, but it has coupled this with a proposal for workers' representation, which, if, as obviously it must, it remained undiluted, would transform the function of worker representatives from that of participants in a charade designed to involve them as accomplices in business decisions over which they had no real influence, to that of agents for the extension of the fundamental principle of mutuality and "status quo" upon which the whole modern trade union approach to industrial democracy is based. This assertion can only be sustained if we examine the TUC's proposals in detail.

German company law embodies the two-tier system, under which a company is governed by (a) the shareholders' meeting, (b) a Supervisory Board, and (c) a Management Board. The shareholders appoint, and have power to over-rule, the Supervisory Board, which in turn appoints, and may over-rule, the Management Board. The distinction between the two Boards has been that the former exercised policy-making functions on behalf of shareholders, whilst the Management Boards consisted of full-time executives. In British company law the two functions are exercised by a single Board of Directors, who of course, are held accountable to the shareholders, (as, in Germany, are the *two* Boards). Since the war, the German law has been amended to admit workers' representation on the Supervisory Boards — 50 per cent in the case of coal and steel and on third in the rest of German industry. There are many crippling limitations to this system from a trade union point of view; there is a mass of evidence to show that worker-directors in such a context do not achieve any kind of extension of workers' control. The TUC has digested and understood this evidence, but instead of taking flight from it, rejecting the possibilities opened up by the debate on worker-directors, it has come forward with a set of proposals which systematically calls the bluff of the Tory government and of the Brussels Commission, by radically changing the nature of the two-tier company system. In the German system, since the shareholders may over-rule the Supervisory Board, and since *all* the members of the Supervisory Board (including the workers' representatives) are held to be responsible to the shareholders, must accept corporate responsibility for the decisions of the board, and are enjoined to observe secrecy over the proceedings of the board, clearly the worker-directors are at best a decoration covering the absence of any true industrial democracy, and at worst an impediment to effective trade union representation. The TUC's view is that since the objective of any scheme must be to give legal rights to workpeople to control the decisions which collective bargaining has failed to reach, "it is no use doing so and then requiring that worker-directors should behave just like any other directors". Thus, the

TUC proposals include the following requirements:

- (i) Companies employing more than 200 people should be governed by a Supervisory and a Management Board.
- (ii) The Supervisory Board should be the supreme authority of the company, able to over-rule both the Board of Management and the AGM of the shareholders or owners on major decisions; investment, mergers, take-overs, closures or major re-deployments, and the appointment of all the members of the Management Board (i.e. executive directors) should be subject to the consent or veto of worker-representatives on the Supervisory Board.
- (iii) The worker-representatives should constitute 50 per cent of the Supervisory Boards, they should be appointed through trade union machinery, they should not be obliged to relinquish union office, they should be appointed for two years, and subject to recall and re-election on the basis of their total record, and should be subject to extraordinary recall in exceptional circumstances, which would be written into the election procedures.
- (iv) The election procedures themselves would be devised by the unions represented in the enterprise.

These proposals, if implemented, would certainly represent a fundamental limitation on the rights of private property; they constitute the essential demand for workers' control exercised through single-channel trade union representation over employers' unilateral authority. The trade union and labour movement should, for this reason, make sure that they *are* implemented, which will mean mobilising an unprecedented campaign for their realisation by a Labour Government. Meanwhile, at the least, the programme erects an effective barrier to safe-guard against any attempt to legislate along present EEC/German lines for the incorporation of powerless worker-directors into the existing decision-making processes. The demands for veto/consent powers, for powers of recall, and for the accountability of the worker representatives to their constituents, (and not to the shareholders), represent, at the level of company decisions, the equivalent of the demand for *status quo* at plant level. The nature of a Supervisory Board is transformed "at a stroke" by these proposals; instead of constituting a rubber-stamp for decisions of the Management Board and the shareholders, it becomes a Board where accountable, elected workers' representatives may indeed *supervise* the Executive decisions of the company, and may legally prevent unilateral management decisions — on closures, redundancies, and similar matters, from operating.

At the same time, the issue of so-called "Works Councils" is cleared up once for all:

"Works Councils on the German pattern are clearly not appropriate to the UK An attempt to introduce a general system of works councils into British industry would lead to one of two things. Either they would duplicate existing structures at plant level, in which case . . . (they) . . . would clearly be superfluous; or they would displace and supersede existing trade union arrangements; this latter approach would be even more unacceptable to the trade union movement. The tendency in the UK has been for long established Works Councils to become part of the trade union machinery."

Concerning all the central principles upon which the workers' control movement has evolved agreement, the TUC's proposals for the private sector are quite unam-

biguous. There is only matter of importance which they ignore, and that concerns the pay of worker representatives. Such delegates should certainly not be paid directorial salaries, and if they receive any compensation for loss of earnings incurred during the discharge of their duties, it should be paid by the relevant union organisation, at the rates governed by its own rules. No doubt this compensation might be recovered from the firm by the union organisation itself, acting as a collective. But the spirit of the proposals is such that this stipulation, which emphasises that the worker representatives should remain lay spokesmen, integrally linked with their constituents, would be quite harmonious with the rest of the package already proposed by the TUC itself.

THE REACTION TO THE REPORT

As might have been expected, the new programme has aroused anxious comments from the business press. It is worth considering some of these, in order to see the likely shape of the forthcoming debate, which can no longer be postponed. Indeed, the TUC statement would be an historic one if for no other reason than that, at long last, the issue of workers' control has been brought right into the forefront of institutional political discussion. That many trade unionists are profoundly cynical about the doings of parliamentarians is not only obvious, but also perfectly natural in the light of the performance of both political leaderships during the past decade. But once the authentic voice of trade union experience is heard, the largely sterile pseudo-issues with which front-bench spokesmen (with one or two honourable exceptions on the Labour side) have obscured the process of political choice will all bubble back into something like their true perspective. Already during the past few years, one man, Tony Benn, has shown, in the teeth of the most vicious press hostility, how far the honest advocacy of democratic demands such as those with which we are concerned here can go to raise the level of public understanding and involvement, and how far the apathy which is commonly ascribed to working people is the direct result of authoritarian forms of industrial and political organisation. Of course, the very last thing which the autocrats wish to do is to disturb that apathy. "Let sleeping workers lie" is their century-old wisdom. No wonder the press has, in general, been reluctant to amplify, in the slightest degree, any noises from the TUC which might contribute to so untoward an awakening. But the "serious" press, and the financial newspapers, felt they had no option but to comment. *The Times*, for instance, conceded that *Industrial Democracy* "is not just another TUC document. It is the distilled thinking of the most experienced union leaders on a fundamental social issue . . ."9 Yet no pleasure was derived from this thinking. "The proposals for strengthening collective bargaining" it maintained "are better sustained than the sketchy plans for elected trade union representatives sitting on supervisory boards. In particular, a strong case is made out for much greater disclosure of information . . ." In fact, the TUC case for disclosure is strong, but it hardly needs much "making out", because it is claimed with complete justice, as a right, and, as *The Times* well knows, you get the rights you fight for. Certainly rights can be justified or challenged in metaphysical argument, but metaphysics is not the General Council's strong point. What the TUC *did* set out, in great detail, was not *why* accountability is a fundamental democratic demand, but *how* it should operate, in respect of what

questions. At the same time, any careful reading of the TUC proposals will show them to contain an elaboration of the proposed company law reforms which is at least as detailed as the suggested extensions of collective bargaining on other fronts. Of course, the TUC sees the law reform as a *part* of the process of widening collective bargaining, so that it is quite wrong to make a disjunction between the two elements of the integral programme. But the real complaint of *The Times* was more-fundamental: “political ends of this nature” it whined, involving the “curtailment of the power of capital”, “should be sought through traditional political channels rather than under the guise of promoting industrial democracy”. Yet were the TUC advocating the avoidance of “traditional political channels”? Of course not: they were not proposing that the General Council should seize power and promulgate a decree on workers’ control, but that Parliament should enact a new Companies Act, the which has long been promised by both political parties, and as long delayed, largely because any serious debate on the principles involved would prove totally damaging to the reputation of capitalist industry, if not to its structure. Obviously the passage of a Means of Production, Distribution & Exchange Nationalisation Act on to the statute book is one challenge to the power of Capital for which *The Times* is theoretically ready, because it believes the contingency to be practically highly unlikely. But has such a modest proposal as that for Company Law Reform suddenly become unconstitutional? *The Times* never perceived any such principle as being involved when Mr. Heath was attempting to apply legal gelding irons to the Trade Unions during the debate on the Industrial Relations Bill, and in the first boisterous days of the ill-fated new Act. Of course, the TUC programme has the great merit that it would unleash a considerable democratic ferment, which would begin, if the scheme were implemented, with Parliamentary authorisation, but which would carry itself through in a nationwide grass-roots movement. Those who dreamed up the Carr Bill should have thought of such matters in 1970, when they were busy saucing the goose. “Now”, the Labour Movement is increasingly urgently saying, “it is the Gander’s turn”.

This indeed, was explicitly understood by the Labour Editor of the *Financial Times*, who began his critical appreciation of the impact of the *Interim Report* with this interesting anecdote:

“You watch us” a senior trade union leader said to me a couple of years ago at the height of the fight over the then Industrial Relations Bill. “Under Labour next time we’ll have trade unionists forming half the boards of all big private companies and this lot won’t know what’s hit them”.¹⁰

In general, *The Financial Times* played the whole TUC report rather coolly, wrongly predicting that Jack Jones might get a rough ride on the matter at the then forthcoming debate at the TGWU Biennial Delegate Conference. In fact, the relevant motion was carried there by what the *Morning Star* reported as “a very large majority”.¹¹ No doubt the TGWU delegates registered their votes in an understanding which directly reflected that of “one senior manager” who told the *Financial Times* “This is workers’ control by another name – it is not workers’ participation as we would think of it”. Yet that newspaper was right to predict that there would be some disagreement on the left about the proposals.

This was reflected in the report in the *Morning Star*, which described the report

as "a revamped version of the (General) Council's proposals for trade unionists to sit on company supervisory boards".¹² Although the communist daily gave a fair summary of these proposals, it did not report on either the demands for disclosure, or the public sector recommendations. But in an article published a few days earlier, before the public release of the TUC document, Bert Ramelson, the party's industrial organiser, had written of the need to "stop the retreat on industrial democracy in the Labour Party".¹³ This consisted of a number of sound criticisms of some Labour Party green papers, notably the one on "capital-sharing" whose details were leaked to the press during the month of June. But it also took issue with the Party's discussion document, *Labour's Programme for Britain*, which said "since collective bargaining does not seem to be adequate enough on its own, we are considering the provision of some kind of direct representation for workers".

"Who says 'collective bargaining does not seem to be adequate enough?'" wrote Bert Ramelson. "It was the determination and struggle of the workers — collective bargaining backed up by struggle — that saved the Upper Clyde Shipyards as going concerns. It was the determined stand by the joint chapels . . . backed by the workers and their unions that prevented Briant Colour from being shut down. It will be the struggle of the workers and the backing of their unions that will prevent some steel-works from shutting down and pits from being closed, not the presence of some "worker-directors" on steel area boards or trade unionists on the Coal Board".

This criticism is an important one, and it is necessary to treat it seriously. Of course, in the last analysis, the capacity for direct action will remain the ultimate sanction of trade unionists in any imaginable situation under capitalism, and even during the transition to socialist forms of economy. This capacity must be steadily maintained, and requires the zealous cultivation of trade union independence from both the State and of course the employing authorities. Yet not every round of negotiations results in a strike: the existence of the strike weapon, coupled with the political power of labour, has in every democratic capitalist country produced a whole machinery of bargaining, which can often be used by the unions to secure even major concessions without strikes. The work-on was, as we always maintained in the Institute for Workers' Control, a powerful extension of collective bargaining into new terrain, as well as a new form of struggle for Britain. But since UCS there have been several dozen factory occupations, many of which have been successful in their objects. This degree of power, coupled with the remarkable development of trade union understanding of political issues which has evolved throughout the struggle against the Industrial Relations Act, can, if we demand that it should, result in a major structural reform which can *institutionalise* workers' rights of veto over closures, investment decisions, mergers, takeovers and the like, just as traditional collective bargaining has already institutionalised joint determination, or mutuality, in so many lesser decisions. Such rights would not constitute self-management, or socialist industrial democracy, but they would not at all help capitalism either, because they would render far more difficult the process by which it adapts to market difficulties, which necessarily commonly involves undermining or sacrificing the work-peoples' interests. Of course, worker directors who "joined the other side" would simply be lost souls: but we have already seen that the TUC proposals do not readily lend themselves to amendment in this sense.

When Bert Ramelson argues that worker directors in the Coal or Steel industries

could not prevent closures, he is assuming that they could never have authentic powers, and must always remain the twilight figures who are doomed to flit like shadows through the corridors of the British Steel Corporation as a continuing reproach to the face-saving opportunism of the last Labour Government. We shall consider worker representation in the nationalised industries shortly, but it is obvious even at this point that if the public sector were not to be held back behind the private companies, the application of even the degree of trade union power envisaged in the TUC report could indeed veto closures *before* industrial action became necessary. Making the veto stick might involve bitter struggles, but those struggles would be helped by the support which could be aroused during the constitutional argument which preceded them.

Naturally, in private or public sectors alike, there is no guarantee that the extension of trade union powers must inevitably resolve all disputes. To some extent, the contrary is true: the more powers the unions have, the more contests there are likely to be. For every firm which has closed and been re-opened after a work-in or sit-in, there are today hundreds which have simply closed without a fight. If we can imagine a situation in which all the machinery envisaged by the TUC came into play, not at the eleventh hour, but at the beginning of retrenchment, one can see that the process of applying successive union vetoes could also be a process of mobilisation, during which the groundwork for successful direct action might be laid. Of course, when any firm faces crisis, even in today's situation, workers may well try to save it by heightened co-operation instead of intensified resistance. Commonly they will oscillate between the two strategies, and it is difficult to dogmatise about this: even at UCS the need to save jobs resulted in a number of agreements about flexible working which could well disadvantage the unions in normal circumstances: the decision as to whether or not to make such concessions is not that of outsiders, or political advisors, but of the workers themselves, in the face of their overall understanding of the relationship of forces. The point is, that institutional workers' vetoes will not of themselves be likely to lessen the unions' willingness to fight for their rights, and in the most probable contingencies will actually increase that readiness.

Bert Ramelson believes that this kind of proposal is "more concerned to fall in step with Common Market practices than with expanding industrial democracy" But the TUC proposals will certainly not "fall in step" with *mitbestimmung* as practised in Germany, although they will delight the left-wing critics of co-determination in the German unions, and strengthen the critics of the EEC scheme for European Companies in all the other unions in Europe. They could not be carried into law in Britain without a bitter political struggle, and would revolutionise Europe were that struggle to be exported. This was clearly understood by the *Daily Telegraph*, which lamented editorially "the 50–50 formula is a recipe for management paralysis".¹⁴

"On the other hand" the *Telegraph* continued "Works Councils in Germany are remarkably effective in defusing disputes before they reach flash-point. Surely even union leaders here can see that secrecy and suspicion on both sides of industry bedevil British industrial relations: we need stronger works councils." The same call is to be heard, not surprisingly, from the Conservative Party, in its pamphlet *Workers on the Board*, which recommends that such councils be established by all companies employing more than 250 people, an envisages legal compulsion to this end. The Conservative Party's authors speculate that the establishment of similar participatory

forms in other European countries may well be causally associated with "the highest level of corporate profitability", which is also to be found in the same nations. Bert Ramelson also thinks that there is a direct connection between the institutions of *mitbestimmung* in Germany and the relative passivity of German trade unionists. In a debate with Ernie Roberts, the Assistant Secretary of the AUEW, he writes¹⁵

"that sort of workers' participation in management, far from furthering the idea of workers' control, has the opposite effect of dampening the class struggle and creating an atmosphere of class collaboration."

This seems a somewhat mechanical view to take. Against it there are some strong arguments. First, the long honeymoon in German labour relations has other explanations, which seem more plausible: Germany was divided after the war, and until the Berlin wall was built millions of refugees fled West, thus providing German industrialists with the equivalent of a pool of unemployment, often comprised of people with very high levels of skill, who in later years had been expensively educated in the German Democratic Republic, and constituted a serious "brain drain" on its intellectual and skilled labour resources. This had an adverse effect on the bargaining power of German unions, for obvious reasons, and in turn this meant that the "German miracle" was based on a degree of exploitation not readily obtainable in the capitalist world. The trade union responses were paralleled by very adverse political responses, because under the negative influence of a rigid and often oppressive variant of socialism next door, many German socialists and many ordinary workers, put the baby out with the bathwater, and rejected socialist policies as well as totalitarian aberrations. The result was formalised in the Bad Godesberg programme, in which the German equivalents of Hugh Gaitskell succeeded, where he failed, in formally repudiating the socialist tenets in the constitution of the SPD. This was the high-water mark of the depoliticisation of the European socialist movement, and for many years now the current has been running in the opposite direction. But these major trends, in which the institutions of co-determination came to be established, are not to be replicated in any other West European country today.

Secondly, the institutional framework inherited from this postwar, cold war epoch has already begun to change its meaning even in West Germany, and it is precisely the most radical trade unionists, among the metalworkers and chemical workers, for instance, who are insistently demanding the reform of *mitbestimmung* not only in the direction of "parity", but far more significantly, in the extension of shop-floor democracy, or what our shop stewards call "mutuality". Coupled with this has been a serious growth in leftwing socialist ideas in the Social-Democratic Party itself, which have produced, for the first time since the war, the beginnings of an alliance between young socialists and trade union activists. The lesson of all this is that institutions are never static. Control demands are emerging even inside the classic terrain of "participation"; while a party which has explicitly renounced socialism finds itself developing an increasingly important socialist wing. To make the point clear, if any of us were asked, today, to draw up a blueprint for a British Constitution, it is inconceivable that it would include all the weaknesses of the present Parliament, with its flummery, adolescent tomfoolery, and all-too-frequent impotence in the face of real villainies in both the executive and the non-accountable business oligopolies. Yet Bert Ramelson quite rightly accepts that the

Parliamentary arena is a most important one in which socialists should attempt to operate. This judgement is not determined by national pride, by the mediaeval origins of Parliament, or by the succession of middle-class dodges which were applied throughout the nineteenth century to keep the workers out of the place. Neither is it conditioned by the manifest unsuitability of some of the present labour spokesmen to represent the interests of the social class which elevated them to office. It arises from an appreciation of the actual role of the institution in the current political process, and its present capacity to assist or retard the development of ideas and actions helpful to working people. This role, and this capacity, are not themselves fixed and invariant. If new social forces begin to evolve power and strength, then they will affect the context in which established institutions operate. Precisely that is what is happening today, and the resurgent trade unions are not easily going to be side-tracked.

For these reasons, 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. This, of course, is no reason why the unions should connive at the process of "canalisation" which is repeatedly applied by capital to channel off control demands whenever the balance of forces become threateningly adverse for industrialists. But when the TUC totally rejects the German system, and proposes a significantly radical alternative, it is hardly sensible to jib at this on the grounds that the rejected prototype is no use. What one should do is spell out whatever additional challenges are necessary, and intensify the struggle against all those proposals which, in today's context, would represent a backsliding.

First among these, beyond doubt, are the proposals for works councils which are so close to the heart (and, dare we say it, to the interests of the proprietors?) of the *Daily Telegraph*. Not only the Conservatives, but also the Liberals, are actively canvassing this panacea, which has some adherents in the labour movement. Is Mr. Wilson among these? Recently he has made a number of statements on the need for a "compulsory system of works committees". On 19th March 1973 he was reported in *The Times* as having said, at a meeting held on the previous Saturday, that

"factories with more than 100 employees should be compelled to establish works committees elected from the shop floor as part of union machinery".

Does this mean statutory backing for Joint Shop Stewards' Committees? Or is it a modified version of our old friend the Works Council under a new title? A similar formula is to be found in another Wilson speech of 28th June 1973, which was after the circulation of the advance copies of the TUC *Interim Report*, which contains, as we have already seen, quite categorical statements on this matter. It could be that this question is solely one of semantics: clearly everything turns on the role envisaged for the proposed "committees". Yet the unions must certainly press for complete clarity on this point, because there should be no question of attempts by a future Labour Government to by-pass existing shop stewards' committees in any new machinery which might come to be devised. Mr. Wilson's proposals might have

passed without apprehensive comment, were it not for the disastrous record of the 1964-70 Labour Governments in the field of collective bargaining, and particularly for the episode of *In Place of Strife*, which no trade unionist can afford to forget. Such events had one good result: they taught us all to read the small print. On this matter, we must be sure that all the small print is fully spelt out, and if necessary, exhaustively debated, before we go about issuing what were once rather delicately described as "dog licences", that is to say, political mandates, to anyone.

THE PUBLIC SECTOR

So far, we have been concerned with the arguments which arise directly from the TUC's proposals for the extension of workers' rights and controls over the private sector.

But it is quite impossible to comment on these very positive demands without saying anything about the linked proposals for the nationalised industries, which are nothing like so unambiguous. The *Report* concedes that traditional TUC policy about these industries requires revision: partly because Congress no longer wishes to continue the postwar policy which by and large excluded appointments to national or area Boards from within the industry concerned; partly because Congress would like to end Ministerial discretion over such appointments, and make them itself, direct, after "seeking nomination for representative unions"; and partly because Congress is committed to experiment further in this field. It must be said at once that these "revisions" are too little, too late. It is, first of all, apparent nonsense that the only people disqualified from serving on such Boards are workers who know what they are talking about. If superannuated shop assistants, however talented, can contribute to the Coal Board's decisions, why cannot coal-miners? But if it is welcome that the General Council now accepts this principle, it is anything but welcome that it should propose itself as a mediator between the unions' nominations and the appointment of Board members. Whatever is wrong with direct election? If, as the *Report* claims, nationalised Boards "already perform a function not dissimilar to a supervisory Board", then why ever should workers in the private sector have an advantage over their colleagues in state employ? This is not simply a question of methods of *election*; it is very much more pertinently a problem of methods of *recall*, without which safeguard the rank and file are truly left in a grossly unsatisfactory condition. As for the Steel worker director scheme, the less said about it the better: it was not so much as experiment as a gimmick, whose sole function was to act as a sop to members of Parliament who wished to explain to their unions why they had not pressed forward to implement the altogether different proposals of the Craftsmen's Co-ordinating Committee in the Steel industry as to how the nationalisation measures *should* have been effected. It belongs nowhere in this argument, except as an example of what is quite unacceptable.

Why, then, does the TUC come forward with such a weak statement about this crucial area? The answer is to be found in the appreciation, contained in the *Report*, that, "it should be recognised that the Boards of nationalised industries, and the public sector generally, have a wider role in relation to national planning". This should be *precisely true*, and if it were, it would mean that it was all the more in-

portant that direct workers' powers in the public sector should at least equal those in the private sector. Anything less than this would mean that the "plan" was anything but an expression of workers' collective, class interests. Arbitrary planning and socialist democracy don't mix, and it is time we all learnt this lesson. Planning must be by consent and conviction out of argument, and anything else is a road we make for our own backs.

Of course, it can well be argued that nationalised boards are ripe for experiments in self-management, which includes this legitimate planning component, so that workers from other industries have a right, indeed a need, to be involved in that component. The institutional form that this would most likely take would be easy to devise: the TUC could appoint half the directors, more or less as it suggests, the Minister could appoint the Chairman (which he does already, and which makes the 50% formula set forth by the TUC carry two quite different meanings in the private and public sectors, since in the former they will have a veto on the appointments of the Chairman, whereas in the latter, they won't), *and the workers in the industry concerned would elect the rest*. Their brother trade unionists from the TUC, who should, one hopes, be working laymen in their majority, would represent the consumer interest, of which so much is often written, but of which so little real notice is taken: and they would represent it effectively because they were *worker-consumers*, rather than profit-eating industrialists wearing different hats for different boards. Both the TUC team and the workers' own team could include technicians and other specialists on their slates where they felt this to be advantageous. Of course, there are numerous other possible structures. Many unions have made their own proposals, from the Miners' Federation of Great Britain in their demands on the Sankey Commission down to the dockers' and steelworkers' demands of the last few years. Among others, the Postmen have a rich tradition in this field. We have written about the whole question extensively elsewhere:¹⁶ what is immediately plain, without going into detail about it all here, is that the time has come for trade unionists in the public sector to take the matter up for themselves. This, the *Interim Report* already asks them to do, and it would be strange indeed if the results of such a discussion did not involve serious changes in the ultimate shape of the *Report* itself. The guiding principle is quite plain: if the nationalised sector is not to remain in an underprivileged ghetto, it cries out for radical democratisation, and for the establishment of bold new forms of organisation which can become a pilot for the rest of big industry, which cannot long be left in the capricious hands of businessmen, if Britain is ever to resolve the acute economic problems she faces.

FOOTNOTES

1. TUC: *Industrial Democracy: an Interim Report*: July 1, 1973, 35pp, 20p
2. Cf TUC: *Annual Report*, 1953
3. Cf TUC: *Annual Report*, 1960
4. For an analysis of this movement, see *The Trade Union Register*, 3: Spokesman Books, 1973.

5. Op.cit, pp. 4-5, 24-5.
6. Jack Jones: *Unions on the Board*: The New Statesman, July 6, 1973.
7. This Report was ratified at the Labour Party Conference in 1968.
8. Published in English as *A Trade Union Strategy in the Common Market*: Spokesman Books, 1971.
9. The Times, *Leader*, July 2, 1973.
10. John Elliott: *Participation – How the Unions See it*. Financial Times, July 10, 1973.
11. July 11, 1973
12. July 2, 1973. See also report of February 23, 1973.
13. *Stop the Retreat on Industrial Democracy in Labour's Policy*: Morning Star, June 21, 1973.
14. Editorial: *Workers' Veto*, July 2, 1973.
15. Comment: 1973, p. 202.
16. Cf. *Workers' Control*, Panther Books, 1970 and *The New Unionism*, Peter Owen, 1972.

APPENDIX

THE NEXT STAGE OF INDUSTRIAL DEMOCRACY IN NATIONALISED INDUSTRIES

(Originally published in *Workers' Control in the Nationalised Industries*, by Michael Barratt Brown and Ken Coates, April 1972). This commentary by Michael Barratt Brown still has relevance to the discussion

1. *The Employee Director Experiment*

The British Steel Corporation experiment of appointing from Trade Union nominations three employee directors to each Divisional Board has been the subject of a major research project at four Universities. The Report is not yet released but the conclusions are becoming fairly widely known.

The aims of the BSC were threefold:—

- a) to communicate a shop floor point of view and expertise to the board. For this reason employee directors continued to work in their plants and gave up the Union offices they had held:
- b) to provide a symbol of a new departure in the management/worker relations in the industry, and
- c) to involve employees in policy making.

For this purpose an employee director was also brought on to the National Board.

The TUC, despite the reservations of some Unions gave general support to these objectives and to the scheme as a whole.

The report suggests that these employee directors could not in fact carry on being simply workers and were treated with some suspicion by management, workmates and the Unions with whom most of their contacts had been severed. Their viewpoint moved inevitably nearer to that of management and away from the shop floor because of the pressures of the former and lack of pressures of the latter. There was no structure within which they could *represent* the men or the Union. On the Boards they were simply directors not representa-

tives. In the Unions they were nothing. The Unions and Management had their own procedures for negotiation and their own consultative works' councils with neither of which the employee directors were associated.

As symbols, the employee director's role was little known among the workers and little understood among the Management or Unions. Few could see any benefit or change arising from their appointment. A large proportion of shop floor workers surveyed were in favour of an extension of their say in decision-making, but most of the Management, while they wanted better communication of knowledge from the Unions and shop floor, did *not* want a representative of the workers' interests in management decisions. This would in any case involve very diverse interests. There are 16 Unions in the industry.

The impact of the employee directors on policy was negligible mainly because the Divisional Boards only implemented policies made at the centre; but also because they were excluded from the crucial advisory committees which formulated and argued about decisions (so were other part-time directors).

2 *Alternative Proposals Currently in the Air*¹

Three alternatives have been put forward:—

- a) Abandonment of Trade Union participation and strengthening of the negotiating links between the Unions, particularly at Divisional level. The TUC Steel Committee provides a link between Unions at the Centre and Works' Councils at Plant and Group level but there is no Union unity or Union Management structure at most divisions and no structural links between the levels. In view of BISAKTA's jealousy of its position, this will be difficult but the hiatus creates ill-will and the most forward looking management would like to see some development here.
- b) Extension of Trade Union participation in certain particular fields from the base of trade union negotiating positions at plant and group level. The main fields envisaged are Safety Committees and social policy committees. See Jack Jones lecture on "*The Right to Participate* — Key to Industrial Progress."
- c) Extension of 'Workers' Control' from the base of trade union negotiating positions to exercise pressure on unilateral management appointments and decisions, outside the field of wages and conditions, and to link plant and group bargaining with other higher levels of such control. See Scunthorpe Group Discussion Pamphlet *The Threat to Steel Workers*. (IWC Pamphlet No. 23)

3. *Proposals for Structural Union Participation within a Framework of Economic Planning by a Labour Government.*

Proposals were put forward by the Craftsmen's Unions at the time of steel nationalisation in 1966-67 which might be reconsidered.

In a nationalised industry whose investment decisions were to be made in the context, as it then seemed, of purposive economic planning by a Labour Government, steel workers were prepared to participate in management at various levels in the industry. The conditions for this participation, as they most strongly emphasised were:—

- a) equal number of Union representatives elected by workers' councils at each level to join with management representatives;
- b) the Chairman appointed from above but his appointment made subject to veto by the workers' councils;
- c) full information and the right to report back for the workers representatives;
- d) the continuing public ownership of the industry, and
- e) purposive economic planning by the government.

Steel workers were perfectly well aware that nationalisation would mean rationalisation and the phasing out of many plants. They also knew that Parliament had to have the ultimate power over policy, enshrined in the appointment of a Chairman and National Board and that the Board had to have power of appointments down the line. They insisted, however, that they should have a veto on the appointments of Chairmen all down the line and of the Union representatives on the National Board, and relied on Trade Union political power through Parliament to reinforce their actions inside the steel industry, both to defend workers' wages and conditions of employment, and to obtain alternative employment where redundancies were agreed upon.

Parliamentary power plus open discussion with their own members in the Workers' Councils at each level was thus seen as ensuring that workers' representatives were not caught in a position of having "responsibility without power". See "Nationalised Steel" in K. Coates (ed) *Can the Workers Run Industry?* pp. 147-156.

This fear was particularly strong because of the anticipated rationalisation that nationalisation would imply. It is no less strong today; and the demise of purposive economic planning after 1965 will make it difficult to recreate the atmosphere of those heady days. On the other hand, the actions of workers at UCS and at the BSC River Don Works in Sheffield in resisting redundancies by proposing alternative schemes for local employment has created a new situation. They have shown not only the enormous latent talent in local shop stewards but the absolute necessity for nationalised industries under a Labour Government to diversify into new activities rather than simply to declare redundancies in the old.

It is this link between the demands of workers for some control over the investment decisions of the companies for which they work

and for a social audit of what narrow considerations of profitability (viability as it is now called) dictate that is the new element in the industrial situation. Both the UCS men on the Clyde and the River Don men in Sheffield called for Committees of Inquiry, in the words of the Clydeside Inquiry "to consider and report on the wider social and economic consequences of the decision to run down UCS." It was just through such inquiries that the workers' claim was established that their work should be considered in relation to the needs of the society involved, and not the profitability of the capital engaged.

The encroachment of workers' control at UCS and at the River Don Works upon the prerogatives of capital, however, raised questions that went beyond a social cost and benefit analysis of the operation of their particular plants, since they involved questioning the whole process of capital accumulation in a few giant companies operating in the most profitable fields of investment and the most profitable markets and leaving a desert surrounding them. The social audit, for example, that was proposed for the consideration of the Upper Clyde Committee of Inquiry by the Institute for Workers' Control¹ embraced much wider prescriptions to assure Scottish workers of their demand for the right to work. The first was that if the order book for ships through the ordinary workings of the market was inadequate to support continuing production (and for ships read transformers from GEC Merseyside, or heavy forgings from BSC Sheffield etc.) then the possibility should be explored of raising the whole level of international trade through Government guaranteed trade exchanges. It was known, on the one hand, that the capacity existed to produce ships and with longer runs of standardised orders to reduce production costs. It was known also, on the other hand, that such ships were needed in countries which had the capacity to produce more of many goods — cocoa, coffee, timber, vegetable oils and first stage manufactures like textiles and leather goods. The fact that these exchanges were not taking place revealed the utter inadequacy of the economic system and suggested the common demand of workers in developed and underdeveloped countries to force their governments to facilitate such exchanges.

A second element in the Social Audit was the proposal that, in the event that it was established that there was in fact no future for shipbuilding on the Upper Clyde, for heavy forgings in Sheffield and so on, then the condition for closure should be the provision by government of alternative work, as discussed in the previous chapter, through the establishment of state factories to produce goods which would meet social needs that private enterprise was failing to meet and through local authority works to improve amenities, remove dereliction, clear pollution and generally improve the environment.

Such a proposal involved, however, a crucial third element — the social formulation of needs. What was proposed for Scotland was that all kinds of bodies should be called upon to draw up an inventory of social needs and priorities; universities and colleges, trade unions and industrial research bodies should at the same time construct an inventory of the resources of manpower, education and training facilities, plant and equipment existing inside Scotland, and available from outside in exchange for Scottish products, so that an emergency economic plan might be drawn up leading to a long-term plan for economic development. Similar short-term and long-term plans could be drawn up for Merseyside, South Yorkshire, Tyneside, Teeside,² South Wales and elsewhere using the preparatory work which the Regional Economic Planning Boards have been undertaking.

The implication of such a demand for economic planning is not that a few civil servants in London or in the regional centres should indicate the lines along which economic growth might take place and leave it to the giant corporations to choose the paths which were most profitable to them. Nor even that governments should try to lay down the paths that their planners indicated after consultation with the corporations. It was rather that an all-embracing national discussion should be stimulated, based upon the widest possible involvement of local groups in their own plans, so that the local actions of single issue groups and of workers encroaching upon the control of capital could be linked with a much wider political movement.

The support of the Scottish TUC for the UCS men and of the Sheffield Trades and Labour Council for the River Don men was quite essential to their struggles not only in terms of the rallying of local support in finance and in mass demonstrations, but in terms of the linkage established with the main stream of politics, through Anthony Wedgwood Benn in these cases, to the leadership of the Labour Party. This was both an essential propaganda requirement and a basis for a new kind of democratic economic planning.

FOOTNOTE

1. In the event what was decided was that there should be a small increase in the number of employee directors nominated by the unions through the TUC's Steel Committee, for appointment to the Boards of the new product divisions, and that they should be permitted to continue to hold union offices.