

ECONOMIC PLANNING AND WORKERS' CONTROL

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The Liaison Committee Report

'Increased influence and control by workers through their trade unions will be. . . the source from which planning will derive its authority, its knowledge and its power.'¹ This principle is the point of departure for the proposals in the report of the TUC-Labour Party Liaison Committee on 'Economic Planning and Industrial Democracy'. It goes to the heart of the central problem of socialist politics, the relationship between the state and the independent organisations of the working class in the struggle for socialism. The report, however, is a political rather than a theoretical document, the product of political debate and agreement rather than theoretical argument. It reflects, to some extent, varied stand-points. Consequently, there are a number of hesitations and inconsistencies, while some important issues are left unresolved. Nevertheless, the underlying drift and tendency of the report is clear.

The basic principle itself is an essentially practical conclusion, drawn from the political experience under the last Labour government, particularly concerning the attempts to promote 'industrial democracy' through the work of the Bullock Committee, and planning through the 'industrial strategy'. An analysis of these developments, leading to the conclusions drawn by the Liaison Committee, will be given in a further article.' The fact that these conclusions have been drawn by the central organisations of the labour movement, and are intended as the basis for the further development of policy, confers upon them a significance which they would not have as simple theoretical insights. It demonstrates a certain degree of development in the actual economic and political conditions, indicating at least the possibility of a further advance. Although the role of theoretical analysis in politics is a modest one, it may nonetheless assist in clarifying the general direction of that advance. Therefore, we intend here to elucidate the issues relevant to an appreciation of the Liaison Committee's report by means of a critical discussion of various conceptions of planning, workers' control and the state.

The replacement of the competitive market economy based upon private production and profit by a **system** of economic planning organised in the interests of the working class is an essential feature of the transition from capitalist to socialist society. In the millenarian vision of

revolutionary syndicalism, this is envisaged as the result of a single act, the general strike or insurrection aimed at destroying the existing political institutions comprising the 'capitalist state', and substituting for them the independent organisation of the working class. Participation in politics is seen as a weakening of this independence and a mere diversion from what should be the true goal of the workers' movement. However, most socialists, and certainly the mainstream of the British labour movement whatever the differences in political ideology within it, have regarded the use of political power as a necessary lever for social transformation. If this commitment to the use of political power is to be anything other than an abstract 'position', it requires the existence of a political party whose purpose is to form a government. Such is the rationale for the formation of the Labour Party and its continued support by the organised labour movement, of which it is the political instrument.

Given this attachment both to the principle of planning or **socialisation** of production, and to the use of the existing state institutions, the centralised administrative machinery, it is perhaps not surprising that the transformation of the market economy has been seen essentially as a process of extending the power and activity of the state. In fact, the idea that the market on the one hand and control by the state on the other are antithetical poles or principles of economic and political **organisation** is widely held, and not only within the Labour Party. Those towards the 'right' of the political spectrum tend to defend competition and freedom from interference by the state as economically more **efficient** and as providing a guarantee for the established parliamentary system. Those towards the 'left' usually stress the advantages of planning over the anarchy of the market, and argue that extending the sphere of state control will actually enlarge the scope of democratic accountability through the representative political institutions by including the processes of economic decision-making.

The 'Socialist Commonwealth' of the Webbs³

Advocates of the use of the state as the principal agent for the socialisation of the economy have sometimes acknowledged the dangers involved in granting it monopoly powers over the economy, and have attempted to counter the force of their opponents' criticisms in various ways. The bizarre proposal of the Webbs, who were instrumental in drawing up the Labour Party constitution of 1918 (including the famous Clause IV commitment to 'common ownership of the means of production'), that there should be established two parliaments to represent the people, is in fact such an attempt to meet two basic difficulties inherent in their strategy of gradually subjecting the economy to an increasing measure of determination by the state. First, they admitted the unreality of the idea that parliamentary democracy permitted the people to decide political issues,

given the wide range of governmental activity and the period of time between elections. In fact, the only right of the people is to elect representatives, that is, the individuals who will form the government and therefore be invested with a general authority to rule until the next election, when the people will once again have an opportunity, not to govern, but simply to cast judgment on the overall performance of those elected to govern for them. According to **Rousseau**, under such a system the people are free only at the time of the election, their only opportunity to act for themselves; for the rest, they are enslaved by the-state. For the Webbs, the only way in which the political general will could be ascertained was by means of referendum. Alternatively, separate representative assemblies might be established in relation to every issue of importance to be decided by government. Obviously, systematic government would become virtually impossible under such conditions, and both ideas were therefore dismissed as impractical.

By way of compromise, they suggested that the activities of government could be grouped into two 'complexes', the 'political' and the 'social'. These should be the responsibility of separate political institutions, neither having a 'general supremacy' over the other. The reason for this particular division of political power, conjured out of the Webbs' imaginations rather than the likely course of actual political development, reflects a consciousness of a second fundamental **difficulty**, which arises from the repressive character of the state as an instrument of domination over society. As the Webbs recognised, if the present powers of the state 'were to be applied to the ownership and administration of industrial capital, the individual might easily find himself practically helpless, (p. 140). But the proposal to separate political functions reflects not merely a desire to protect the individual through a system of 'separation of powers' and constitutional 'checks and balances'; it reflects also, at a deeper level, an understanding of the fact that the bureaucratic and authoritarian character of the state machinery renders it 'incompatible with the highest accomplishments in social and industrial administration' (p. 76). However, the Webbs chose to regard this character as inherent, not in the nature of the state itself and its relationship to society, but only in certain of its functions. These functions they identified as the traditional 'political' ones of external defence and the internal administration of justice, which 'inevitably assumed a highly disciplined hierarchical form'. It followed, in their view, that the increase in administrative functions which they proposed in relation to the economy would not necessarily lead to greater subjection to a coercive force since '. . . the organ of the community charged with the administration of things should have no power to use the law for the coercion of persons' (p. 130).

Underlying their argument on the appropriate form through which government control of the economy should be exercised was their concern

with the prospects for independent trade unionism, which they considered would still be necessary in their 'socialist commonwealth' to protect the worker from the tendency to drive wages as low as possible in the interests of the 'public' as consumers. 'When a government controlling a standing army sets to work, in its capacity of employer, to "break" a national strike among its own employees, the process is perilously apt to take on the character of the suppression of a rebellion' (p. 141). The difficulties experienced in the conduct of collective bargaining, particularly in the public sector, in the face of various forms of incomes policy over recent years, gives to the reservations expressed by the Webbs the character of prescience. However, the ineffectiveness of their proposed solution is sufficiently demonstrated in their notorious support and approval of the system of 'Soviet Communism'. Here, ever so many constitutionally distinct institutions, guarantees, and personal freedoms are merely the instruments and masks through which the CPSU, drawing its power from the state control of the economy established under Stalin, exercises its ruthless and unmitigated domination over the working class.

Of course, the Webbs were aware that in capitalist society the state is an instrument of domination, serving essentially the interests of the economically dominant force, capital. But, rightly committed to working within existing parliamentary forms in order to bring about the changes they considered necessary, they conferred upon these political institutions an absolute validity, considering them as the ultimate development in social organisation, needing only to be set free from the warping influence of the capitalistic environment. Thus, they failed to see that domination is the inevitable form taken by the centralised power of the community when the members of that community are not organised directly, but are fragmented by the division of labour and private production. The Webbs wanted to abolish private production by centralising control of the economy, not in the hands of the actual producers, but in the hands of the state. This imposed, not the real will of the people, but the illusory 'general will' expressed by representatives of the people, wielding power through political institutions distinct from the other areas of social activity, and immune from direct control by them. The expansion of state activity into these other areas would not, however, lead to any diminution in the authoritarian character of the state, but in the extension of the principle of bureaucracy; this has rightly been termed the system of 'bureaucratic collectivism', contemptuously dubbed by G.D.H. Cole as the 'sordid dream of a business man with a conscience'. The Webbs were sufficiently perspicacious to grasp the problem and recognised the contradiction underlying their political theory, but they conspicuously failed to resolve it.

In order to understand why the development of planning and the creation of a socialised economy was conceived as a process of bringing the economy gradually under the control of the state administration,

and, in terms of constitutional 'theory' if not in reality, under the control of parliamentary representatives, we need to consider the reasons given by the Webbs for their rejection of an alternative process of transformation, the bringing of economic activity under the direct control of the producers themselves. In their minds, this problem was but one aspect of the more general question concerning the role to be played by trade unions in a society where collective control of the means of production had eliminated the need for the capitalist employer. This collective control, however, would be exercised, not by workers organised as the collective power of society, but by the 'people' in their capacity as consumers. The idea of consumer sovereignty, a mere apologetic of the economists in capitalist society to justify unplanned competition, would come into its own in a society where the elected representatives of the general body of consumers would control the economy directly through the state administrative machinery. Since consumers, by **definition**, are not themselves able to control production directly, it follows that consumer control can only be exercised indirectly by means of the state, which would therefore constitute the principal force in the construction of the new society and the axis upon which it would turn thereafter. In the Webbs' view, socialism would see the full flowering of two principles, which although proclaimed, could not be achieved under capitalism where the driving force was not the 'spirit of service' and professionalism, but the interests of private profit. The interests of the consumer, imperfectly protected by the anarchy of capitalist competition, would become dominant through an extension of the principle of representative parliamentary democracy to encompass the organisation of economic activity.

It followed that trade unionism would have to be completely transformed from its function of protecting the interests of particular sections of the workforce against their immediate employers. Trade unions would in future confront, not merely the private interest of employers, but the public interest of society. This would necessarily be accorded a legitimacy and power going far beyond that of the private capitalist. The clear ramifications of this situation for the very existence of independent trade unionism led the Webbs, as we have seen, to the construction of a complex and implausible political structure designed to restrict the power of the state. For they were well aware that the dominant general or consumer interest, expressed by the state, was inconsistent with the interests of workers as producers. To the consumer wages appear simply as a cost of production, an element in the price of the commodity, while to the worker they are his income. Trade unions would continue to be necessary to protect particular groups of workers. Generalising this proposition produces a contradiction between the role of the state in defending the worker as a consumer, and the trade union in defending the worker as a producer. Just as the Webbs attempted an eclectic solution of the

contradiction in the nature of the state, that it constitutes the organised collective power of society while, at the same time, it is a repressive or dominating force over society, they attempted similarly to resolve the problem of the relationship between the economic functions they invested in the state and those of the unions. They divided the economic responsibilities between the two forms of organisation by inventing a new and specific function to be performed by trade unions in the new society, the defence of the 'vocational' interests of the workers. The transition to socialism would entail, therefore, the 'transition from the present Trade Union Movement in Great Britain, as now organised both industrially and politically, for its long-drawn-out secular warfare against the capitalist class, to a world of vocational organisations' the purpose of which would be for each the 'elevation of its vocational status in the community' (p. 144). The purpose of trade unionism, being thus defined in terms of a narrow sectional objective, which could only be achieved at the expense of the rest of the community, was unsuited to be an instrument entrusted with power to direct economic activity. The trade union would have influence, expressed through a process of 'bargaining' with the state, over the conditions of employment, but the external power of the state would remain necessary to counteract the inevitable tendency of producers' organisations to exclusiveness, to 'bias. . . as against other sections of producers and the whole community of consumers'.

The Webbs were not unaware that, even at the time they wrote, the trade unions were organised on a much broader basis than that encompassed by the concept of 'vocation', but they considered that this wider unity was merely a temporary phenomenon of capitalist society. Far from representing the beginnings of a truly general class organisation of workers, which could develop in the course of further economic and political struggle to the point where the organised working class itself could direct the whole of economic production, the disappearance of the capitalist would lead to a greater degree of fragmentation. For only the existence of the capitalist employer provides a basis for unity. Producers have no interests in common; ' . . . if the capitalist employers are assumed to be eliminated. . . there would be no outside party to attack or to despoil' (p. 312). Once it is assumed that the only interest of the producer lies in the enhancement of his particular 'vocation', then it is indeed easy to dismiss the idea that the carrying on of productive activity **throughout** the economy in common provides the producers with a sufficient common interest, and that the so-called 'consumer interest' is in reality nothing more than an alienated expression of this common interest of the producers. Where the producers are separated by the division of labour, then society appears as a community of consumers, related to each other through exchange of products in the market. In the absence of direct relationships between the producers in the process of production, the

material relationships between them appear only in the form of exchange relationships between the products of their labour. Hence, to each producer the others appear only as consumers of his products, rather than as mutually participating in a process of social production, while production itself appears directly as merely a private affair. The interests of society are expressed economically as 'consumers' through the operation of the market and competition, and politically as the 'public' through regulation by the state.

G.D.H. Cole's 'Guild Socialism'

Perhaps it is not surprising to find arguments such as these put forward by the Webbs, for whom the agency of socialist transformation was to be, not the working class, but the educated and enlightened professionals of the state bureaucracies. It is more remarkable that they were echoed to a considerable extent by such a committed advocate of the principle of workers' control, and political opponent of the Webbs, as G.D.H. Cole. Whereas the Webbs argued for the replacement of capitalist employers by the state administration, Cole proposed that production should be controlled directly by associations of the producers, the so-called 'National Guilds'. However, the emergence of such a system would not, in Cole's view, entail the disappearance or 'withering away' of the state, which had been the mainstay of socialist thought during most of the nineteenth century. By the first part of the present century, that doctrine had come to be identified with anarchism, or with the syndicalists' rejection of parliamentary methods in favour of an exclusive reliance on 'direct action'. Such doctrines were opposed to the political development of the labour movement and in particular to the character of the Labour Party, the purpose of which was to achieve governmental power through the election of representatives to Parliament. To this aim Cole was, no less than the Webbs, committed, differing from them only in his more generous assessment of syndicalism as the 'infirmity of noble minds'.

Marx had defended the participation of the labour movement in the political institutions of capitalist society against the 'political indifference' of the anarchists in terms of the necessary development of working class organisation through political struggle. To him, it was obvious that 'as the proletariat still acts, during the period of struggle for the overthrow of the old society, on the basis of that old society, and hence also still moves within political forms which more or less belong to it, it has not yet, during this period of struggle, attained its final constitution, and employs means for this liberation which after this liberation fall aside.' But, generally speaking, the issue was usually seen in more simplistic terms as one concerning the legitimacy of representative parliamentary institutions from a socialist point of view. Those who considered them to be incorrigibly capitalistic in nature spurned involvement on the

grounds that it would inevitably be self-defeating. On the other hand, those who supported the formation of a political party as an integral part of the labour movement, and therefore its involvement in existing political institutions, tended to generalise the abstract principle, if not the reality, of these institutions into an imperishable and final form of social **organisation**. While Cole admitted that 'in the State of today. . . democratic control through Parliament is little better than a farce', like the Webbs, he considered this to be the result of the economic power of capital and corrupting influence of class society. In the society of the future, the state, alongside the trade unions, would, 'radically altered and penetrated by a new spirit', form one of the foundations. To gain a proper understanding of the functions of the state we must, according to Cole, not study it as an historical actuality, but rather imagine it 'as it would be in a democratic community immune from class conflict', that is, in the absence of its real presuppositions. The point of departure for this line of argument is not the **interests** of the actual working class movement in its struggle against capital, but an imaginary concept of bourgeois political 'theory', the 'general will' and the interests of the 'public' or citizens. Instead of seeing that this illusion would necessarily disappear along with its real basis, the modern state, Cole thought that it would be a logical development if the overthrow of class society produced a real political equality in place of the merely imaginary equality of present society, with the result that the actions of the state would then affect everyone 'equally and in the same way'.

In addition to this political argument, beginning from the absolute validity accorded to the state, there is a second economic argument, similar to that used by the Webbs, to justify the continued domination of the state. For the interests of the producers must be balanced by those of the consumers, the protection of which is the proper activity of the state. The state will own the means of production, but the producers' organisations will control them. The producers will be **permitted** to determine the conditions under which production is to be carried on, but the division of the national income as well as the 'character and use of the product' will be matters for the consumers to decide through the agency of a 'strong and democratised State'. This division of economic activity into separate spheres of interest, together with **the ultimate** ownership of the means of production, would appear to give the dominant role in economic planning to the state, necessarily restricting the real scope to be afforded for workers' control of the conditions of production, let alone the actual nature and purpose of production itself. For, if the producers cannot control commodity prices, it follows that nothing else can be within their exclusive control either. Since the attempt to demarcate the respective spheres of authority to be exercised by, on the one hand, the state, and on the other, the producers' associations, has failed, a

conflict between the two must necessarily result. **Ingenuously**, Cole attempted to solve the problem with a simple definition—the relationship between economic and political power in the Guild system would be **one** of 'equality'. The solution is, of course, spurious. It is in the very nature of political power to exercise a dominant will. The real content of the acts performed by the state may be determined, as Cole saw, by economic power, but in his scheme, the state does in fact wield an economic power based upon its ultimate ownership and control of the means of production. And, since he conceived of the producer interest always as a particular interest, while the 'democratic state' was to be the guardian of the **general** interest, there can be little doubt about the source of ultimate **authority**—the producers would be subordinate to the state. Indeed, there seems little reason not to accept the further proposition of the Webbs that production should be directed at enterprise level by managers responsible, not to the workers, but to the government. Cole attempted to abolish the subordination of the worker within industry, but, in effect, maintained a general subordination of workers to the state. It may be doubted whether the prescription of a relationship of 'equality' would create a sufficiently powerful restraint on the tendency to resolve this contradiction in favour of the more powerful force.

Political Power and Class

Both Cole and the Webbs, then, elevated the institutions of parliamentary democracy into an eternal principle to which the working class movement would have to remain subservient, a notion which seems an almost inevitable feature of the political ideology of 'parliamentary socialism', presenting an easy target to anarchists of all varieties. Both were also aware, however, of the repressive character of the state which provides such an important and successful basis for Tory opposition to the 'strong state', and sought various means of counteracting it. However, while the Webbs saw the problem mainly as one of restricting state power by dividing it into an elaborate constitutional structure, **Cole** aimed at the promotion of an alternative source of power, workers' control of production. But he was unable to develop this idea into a political form. Recognising the weakness of syndicalism, its absence of a realistic political strategy for the transformation of the general conditions of society, and recognising the necessity of using forcible means, governmental power, he fell back upon the political theory of 'Collectivism', the actual performance of an extended range of economic functions by the state, or at least the continued domination of the state in relation to 'political' issues. Far from effecting the 'reconciliation' which he sought between the 'clash of fundamental ideas', Cole produced instead a shallow syncretism, a new set of contradictions. Nevertheless, it is greatly to his credit that he defended, not simply the abstract idea of workers' control, but its concrete

manifestations, the developments in 'workshop organisation' stimulated by the economic and political conditions during the First War. In the working class struggle for emancipation from the economic and political domination of capital, this fact puts Cole, politically and theoretically, far ahead of the Webbs.

The root cause of Cole's failure was his inability to conceive of the developing organisation of the labour movement as the process of its formation into a united class, and therefore political, power. Hence he saw workers' control of production as only a principle of economic rather than, at least incipiently, political organisation of society. For Cole regarded the distinction between economic and political power, which rests on the separation of the state from society, or the fragmentation of society by the division of labour, as a necessary and unalterable social principle. The Guild system would not abolish the division of labour, but crystallise it in a new form based upon the separate control of each industry by the producers. The state would therefore continue as the only instrument of political activity; 'the Guilds will be many, the State **one**'. It is true that in a number of places Cole contemplated the unification of the producers into a 'central Guild Congress', but he appears to have imagined this as some kind of federal body which would represent a variety of diverse and particular producer groups. His insight that 'the workers cannot be free unless industry is managed and organised by the workers themselves in the interests of the whole community' (p. 47) was not developed consistently, but restricted by his conception of the state, and the need for a separate (political) representation of 'consumer' interests.

The underlying reason for Cole's inability to grasp the process of revolutionary organisation of the working class or labour movement was the fundamentally utopian cast of the Guild Socialist theory. Instead of attempting to mark out the most appropriate direction for the class struggle to develop, on the basis of its existing form, in order to promote the most rapid and civilised advance possible, he attempted, like the Webbs, to construct an imaginary form of future society from the various elements, more or less arbitrarily chosen, of the existing one. Instead of developing a strategy to promote the struggle for power, he aimed to prescribe the goal to be achieved. The driving force of social change would be a vision, to be disseminated by education and propaganda, of the future society, rather than the concrete social needs of the working class. Hence, both Cole and the Webbs ignored the real struggle against capital, and therefore the forms through which it passes, in order to speculate on the functions to be performed by the state and trade unions in a society where the capitalist and the class struggle were simply assumed no longer to exist. The consequences of this approach for socialist theory and politics are disastrous, for the central issue, the development of the

power of the working class movement, disappears entirely from view. Hence, the changes in the organisation of the labour movement, and the relationship between society and the state, which are a concomitant aspect of the overthrow of capitalist domination, can be left out of account.

This approach has two consequences of central importance to our present inquiry. First, the attempt to construct an imaginary role for trade unionism as the defender of the interests of particular **groups** of workers has the effect of preserving the division of the working class movement. It is remarkable that the Webbs should have considered it appropriate for unions to advance only the narrow 'vocational' interests of workers at a time when craft unionism among manual workers was already being supplanted by broader forms of organisation, a process which they themselves did so much to describe and explain in their study of trade union structure and government in *Industrial Democracy*. Indeed, the criticisms of producer associations in general put forward in the *Socialist Commonwealth*, concerning job demarcation and restrictions on training, limitations on output, and discouragement of innovations in technique, appear to echo the criticisms made in their empirical study only of the restrictive practices of the craft unions, and which they argued were alien to the methods of the 'new' unionism and to collective bargaining as the predominant method of job regulation. Hence, their views on the future of trade unionism appear to owe less to a study of the actual tendency of trade union development than to the dictates of their political dogma. To the extent that the concept of 'vocational' organisation and interest was based on a real social phenomenon, it appears to have been the middle class professions. To hold up these as a model for future working class aspirations when the necessity for protection against the capitalist employer has been eliminated, due to the reforming efforts of Mr and Mrs Webb (the Sir and Lady Oracle of the Socialist movement, as Cole dubbed them), may be an eloquent testimony to their basic social attitudes, but is unlikely to advance the political interests of the labour movement to any marked degree.

In a similar manner, Cole also attempted to find a fixed principle by which to preserve the division of working class organisation, albeit in a less extreme and reactionary form than the Webbs. The basis of the Guild system was to be industrial unionism, an idea taken ready-made from the syndicalists, dressed up in a political form, and decreed to share sovereignty with the state. The particular or 'corporatist' character of this form of social organisation is sufficiently indicated in the terminology itself, designed to 'link (it) up with the tradition of the Middle Ages'. The medieval guilds were not associations in which the members carried on production in common, for each master was an independent producer, the owner of his means of production. The purpose

of the guild was to secure a monopoly over the privilege to carry on a particular trade, and to restrict competition among its members. It was a phenomenon of a society consisting of various 'estates', each claiming its own special privileges, no single one of which could claim to represent the interests of society as a whole. The estate monopolised a particular social function such that the conditions of its existence were peculiar to itself rather than of general validity. The decay of these local and particular forms of community gave rise to universal private property, independent of direct community association and restriction, in turn establishing the foundation of the bourgeois class and the modern state. In contrast to an estate, the conditions under which a particular class is economically dominant are the general conditions under which the whole of social production is carried on, and which are therefore valid for all the individuals of which society consists. The economic domination of a class is necessarily a general political domination, given a practical expression by means of the state. Hence, the domination of one class can only be overthrown by another, by means of political power, not by a congeries of 'producer associations' modelled, however loosely, upon a vanished epoch.

In reality, of course, the growth of the trade union movement has not been confined by the principles prescribed for it by various 'theories'. It is now generally accepted that the traditional classification of union structure in terms of such categories as 'craft', 'occupational', or 'industrial' unions is no longer useful, given the uncertain definition of the categories themselves and the willingness of most unions to organise in a manner that pays scant regard to them. In contrast to the development of unionism during the last century among a fairly distinct stratum of the working class, the skilled workers, the only principle upon which trade unionism can now be said to rest is that of the class position of the worker in relation to the employer. The structure of trade unionism, and the extent to which any particular union can be considered as 'open' or 'closed' to the organisation of particular types of worker, is a **purely empirical question.**⁶

The second consequence of this approach, which follows directly from the first, is of greater political significance. By constructing an eternal political principle, upon whatever basis, out of the existing divisions and fragmentation of the labour movement, it becomes impossible to conceive of its development into a class, defined not only in the relationship of individual workers to capital, but organised as an independent political force for the advancement of its own interests. Hence, the existing political machinery, the state, is seen as the exclusive source of political power, and the process of creating a planned economy as one of extending the functions of the 'democratic state' to embrace the centralised administration of production. If the labour movement is seen only as an association

of sectional organisations, each intent on pursuing its own interest at the expense of the rest, it follows that it is incapable of the concerted activity required for economic planning to meet the needs of the community. It will then appear impractical and 'undemocratic' for the state to promote an extension of the economic influence of trade unions, rather than for it to assume direct responsibility for economic activity itself. The idea of planning assumes the character of an objective distinct from, and even at variance with, the control of society by the working class. In a relatively undeveloped, predominantly agrarian economy, where for particular historical reasons the state has already taken on a dominant economic role, the overthrow of the landlord class by a military force which seizes control of the existing bureaucratic state machinery may lead to a process of industrialisation under its direct tutelage. But in a developed capitalist economy, the economic control over production wielded by capital, and even by the trade unions, far exceeds that which could be developed by the state administration. In these circumstances, only the organised working class provides an alternative force to the sway of capital. To restrict its development on the grounds that trade union organisation is less 'democratic' than the representative state, that the state ought not to 'delegate' functions but perform them itself, is to give so many reactionary guarantees of the continued domination of capital, of the subservience of working people economically to the employer and politically to the state.

The Modern Debate

We have devoted rather more attention than is now customary to the ideas of the Webbs and of G.D.H. Cole, not out of historical curiosity or pedantry, but because the issues with which they dealt recur in the current debates over economic planning and industrial democracy. These debates, however, have been conducted in a more empirical manner, essentially in terms of responses to a political situation, or inquests into the failure of some attempted initiative. While this approach has the advantage of avoiding the more speculative fancies of the theorists, it also entails that the implications of a particular position are rarely worked out sufficiently. However unrealistic a number of the ideas of Cole and the Webbs may appear, they were, nonetheless, attempts to provide a solution to a perceived problem. The more thorough theoretical exposition of their respective standpoints allows these to be analysed without the need for too much extrapolation.

Cole's defence of workshop organisation as a basis for workers' control was very much a minority position at the time within the official labour movement; with the disappearance of an effective shop stewards' movement after the war, the Guild Socialist theory declined along with its real basis. Because of the different political circumstances, the movement did

not reappear in quite the same vigorous form during the Second World War, and with the gradual atrophy of the Joint Production Committees and other devices for 'consultation' with the workforce as the controls of the war-time economy were dismantled, it seemed that workers' control was a spent force. In his *New Approach to Industrial Democracy* (1960), which argued that the ability of unions to act as a kind of permanent opposition to management was sufficient to qualify the existing **organisation** of industry as 'democratic', Clegg pronounced that Cole was, in effect, a dead duck.

Outside the circles of specialists in industrial relations, the Webbs fared little better. They had never been regarded as figures on the left of the labour movement because their alliances were with the predominantly right wing leaders of official labour. In the political climate of the 1950s, determined by the domestic ramifications of the cold war and expansion of the international capitalist economy, their approval of Stalinism was a liability and their attachment to public ownership an anachronism. Neither was it possible to overlook their responsibility for Clause IV, seen as an albatross around the neck of the party by its leaders. Thus, Crosland's *Future of Socialism* (1956) was a 'reaction against the Webb tradition'. Their central battle had been won because now 'we are all incipient bureaucrats and practical administrators'. But state regulation of the mixed economy and advanced social legislation would be sufficient to eradicate the evils of class society without the necessity for a significant expansion in the extent of public ownership. The essence of this approach was to elevate the kind of steps which the Webbs recommended in their section on transitional measures into the alpha and omega of socialism. Cole was right to say that the Webbs were concerned only with the question of a fair distribution of material wealth and the abolition of poverty, rather than with the emancipation of the working class, whose slavery, as Cole saw, was the cause of its poverty. But the Webbs at least understood that a reform of the class system was impossible without the overthrow of its basis, private production. With Crosland, socialist theory 'advances' back to the position of John Stuart Mill.

As it turned out, the epitaphs on the need for planning in the private sector and on the extension of workers' control over the production process were pronounced too soon. Clegg's reservations about the future of work groups, which he saw as a 'constant cause of inefficiency and conflict', were superseded by Flanders' study of *The Fawley Productivity Agreements* (1964). This demonstrated that the most practicable way in which managements could come to terms with the development of powerful shop floor organisation, which had become increasingly prominent during the previous decade, was by permitting the workforce a much greater degree of influence in the actual process of management.

Fragmented pay bargaining and 'wage drift' could only be brought under control by recognising the authority of shop stewards within a more coherent bargaining structure at plant level. And opposition to changes introduced unilaterally by management—in the name of 'custom and practice'—could only be reduced by negotiating reorganisations with the workers concerned. Flanders had correctly identified a trend which has since been given official support and recognition by the trade union movement and the Labour Party, and has provided the foundation for the renewal of interest in 'industrial democracy'. In its current signification, this term goes beyond the forms of collective bargaining analysed by the Webbs, or even the freedom to oppose management decisions over a wider variety of matters. What is at issue now is the extension of the 'frontier of control' to allow a continuing and positive influence in the management process.

Even at the time Crosland wrote, the conditions which induced him to relegate the performance of the economy to secondary status compared with a reform of the divorce laws and the development of 'frivolity' in private life were being undermined by changes in the world economy, the expansion of which had dragged Britain's stagnant and outdated industrial structure along in its wake. By **1961**, a recognition of this had percolated through to the Conservative government, whose reaction was to accept the idea of planning as a means of stimulating economic development. The forum in which government, employers and unions were to co-operate in this endeavour was the National Economic Development Council (NEDC), in which the TUC agreed to participate as a means of influencing economic policy. NEDC was conceived as a way of overcoming obstacles to economic growth through planning. However, any practical effect which its proposals might have would depend upon the extent to which the government was receptive to them, since it had no executive powers of its own.

The eclipse of the idea of planning within the Labour Party proved to be only temporary; it came to power in **1964** committed to putting 'teeth' into planning. The chosen method was the incorporation of the would-be planners fully into the normal state administrative machinery by the creation of a new department of state, the Department of Economic Affairs. Although the creation of NEDC as an independent tri-partite body outside direct control of the government had been a defeat for the views of the Treasury, who wanted any new economic agencies to be part of the Treasury itself, by **1964** it was widely felt, and not only within the Labour Party, that this independence from government was also a source of weakness. Although NEDC was free to develop and publicise its own views on the direction of the economy, and therefore act as a kind of pressure group for growth in relation to the Treasury, its influence within government was seen to be correspondingly weaker—too dependent on

the good will of the Chancellor. For these reasons, it was concluded that the strengthening of planning would be achieved by creating a suitable agency as an integral part of the machinery of state, which would therefore be represented directly in the government. It would also enable greater intervention of the state in industry.

There was, however, a negative aspect to this transfer of responsibility for planning primarily to the state, and the consequent relative decline in the importance of NEDC in the formation of government policy. Although the plan developed in **1962-3** proved a relative failure, and the method of its preparation could be criticised as superficial, it nevertheless had been agreed by both sides of industry, and was received as a set of economic proposals which carried some authority. The National Plan promulgated by the DEA in **1965** lacked even this advantage. Indeed, the employers complained that the function of NEDC was now to be simply an instrument whereby the government could 'screw a reluctant commitment from industry to a national plan about which industry has serious reservations, and which the Council was given very little time to consider'. The exclusion of NEDC from any real role in the preparation of the Plan was, at the same time, an exclusion of the influence of the TUC, which supported, at least tacitly, the criticisms of the CBI. The result was that the ability of the Plan to influence the activity of employers and unions was effectively undermined, giving it, at best, the appearance of a piece of wishful thinking by government. By withdrawing the planning mechanism completely into the administration of government, the vital links with industry, the real economic power, were destroyed. The effect of this, paradoxically, was probably also to weaken the influence of the planners in the formation of government economic policy.

Prior to **1964**, NEDC had emerged as a countervailing influence on the Chancellor to the Treasury precisely because it provided a mechanism for the political influence of industry. The DEA functioned in an entirely different way, neither looking for nor receiving this kind of backing, with the result that its influence within Whitehall was reduced—a point strikingly confirmed by the fact that government policy, following Treasury advice, pursued a rigorously deflationary path as an alternative to devaluation of the currency, in clear contravention of the assumptions underlying the National Plan. These decisions were taken behind the closed doors of the Cabinet Room, while manufacturing employers and unions opposed to this policy looked on from the sidelines. The idea that all this was simply the outcome of some internecine Whitehall struggle which the Treasury won and the DEA lost is superficial and misleading. It gives rise to the mistaken belief, widely held on the left, that the problem can be resolved in the future by some kind of reallocation of administrative functions as between the Treasury and some new 'super' planning department. In reality, it would have made little difference

whether the DEA controlled all the Treasury functions or vice versa, or whether they were divided in some other way between them. For the Treasury is simply the mechanism whereby the pressures and constraints of a capitalist economy, and, more particularly, its (in Britain, at least) most politically powerful section, finance capital, are transmitted to the government. The reason for the government's failure to devalue was the effect this would have had on the financial system, and the repercussions on the balance of payments of any flight of 'hot' money. Because of its highly concentrated organisation and the volatility of the monetary system, finance capital, acting through agencies in the City, the Bank of England, and the Treasury, is most favourably placed to exert influence over short-run economic policy. This political power can only be countered by organising those economic forces against whose interests the favoured policies of deflation and high interest rates, which stabilise the financial system at the cost of a massive destruction of the productive forces in industry, work. It is only by strengthening the power of industry, especially the trade unions, through bodies such as NEDC that the cause of economic planning can be advanced. Without the agreement of employers and unions, who must take account of the pressures and interests most closely concerned with economic organisation, it is likely that any policy to promote planning will fail. In the result, the experiment with the DEA and the National Plan was a conspicuous failure, contributing to Labour's defeat in **1970**. The crisis measures of July **1966** sounded the tocsin for the DEA and the beginning of a revival in the authority of NEDC—confirmed in the reorganisation of **1967** when the prime minister became chairman and the chancellor was restored to membership of the Council. The DEA detritus was swept away in the **1969** cabinet reshuffle.

The Plan of **1965** was in reality designed to do little more than identify possible 'bottlenecks' which might act as constraints in the context of a general expansion of the economy. Firms were asked, not for their actual plans or views on the way in which their enterprise and sector of industry might develop, but how an assumed rate of expansion of the whole economy would affect them. When the assumed rate failed to materialise, the Plan became irrelevant. It was not a mechanism to co-ordinate what was actually happening in the economy, and was therefore unable to change the underlying trends when these proved to be at variance with its somewhat arbitrary premises. In short, there was no link between the Plan and what actually happened at the level of the industrial sectors and individual enterprises. However, the Party did not conclude that the attempt to impose a 'National Plan' upon industry was fundamentally misconceived, that planning instead should attempt the more modest but realistic task of relating the activities of the individual firms at sector level. This would at least have the merit of providing a secure foundation

from which more comprehensive planning might develop, ensuring that planning involved actual decisions about the direction of the economy rather than mere hypothetical exercises. The identification of planning with centralised control by the state, even if this proved illusory, was too strong for that. What was decided upon during the years of opposition after 1970 was a policy of state control of the largest manufacturing firms through the 'planning agreements system'. This would allow a future national plan to be effectuated by influencing the 'medium and longer term strategies' of the dominant firms. There is an obvious difficulty here, for the state clearly does not have the capacity to control the process of production, but would be dependent on the established management structure within the **firm** to carry out the goals contained within the planning agreement. Without control and knowledge at this level, it is difficult to see how the planners can have the capacity to prescribe a strategy which may well differ in important respects from that towards which the enterprise would otherwise tend on the basis of its existing organisation. In other words, a strategy on investment, location, import substitution etc. can only be taken on the basis of concrete decisions about how much should be produced of each particular product, a matter which Labour's Programme 1973 was prepared to leave to the discretion of the firms as mere 'tactics'. In addition, the problem of how much could or should be decided by the central planning agency, and how much left to be decided by the individual firm, was given a new dimension arising from the need to reconcile the policy on economic planning with another strand of policy, industrial democracy.

The Development of Labour Policy

The seminal report of the Labour Party Working Group on Industrial Democracy (1967) not only advocated the use of state power to promote the extension of collective bargaining to new subject matters—the development of 'continuing processes of joint determination'—but also linked the issue of industrial democracy explicitly to the wider issue of planning. It pointed out that 'trade unions are already established in the various agencies of planning', and that it was 'crucially important not to disconnect plant level participation from a wider concern with economic, industrial and social developments'. Industrial democracy was therefore seen as a means, independent of the state, for making the concentrations of private economic power accountable, not simply to those directly employed in a particular firm, but to society. The starting point for a policy on industrial democracy should be, not the relation of the employee to his particular employer, the idea underlying the various schemes of 'co-partnership' in individual firms, but his position as a worker; in other words, a recognition of the general character of the employment relationship and class position of the worker. Since the domination of capital

over the individual worker rests on the subservience of the entire working class, it follows that the amelioration of that domination can only be brought about through an amelioration of the conditions of social domination in general. The essentially political nature of the struggle for 'industrial democracy' is therefore the guarantee against the predominance of narrow sectional interests. The report makes the point brilliantly in the answer given to those who use the concept of the 'consumer interest' to argue against the extension of workers' control as the means of socialisation of production—the position of the Webbs and their epigones.⁸ 'The trade union movement as a whole has very obvious consumer interests, and. . . the wider the context of workers' participation and the more connected plant level participation is with industrial and regional planning and development the more influenced by consideration of consumer needs trade union participants will be.'⁹ The concern that the extension of worker influence in relation to the particular employer should be part of a broader advance for the trade union movement as a whole also explains why the 'single channel of representation' was treated as an issue of fundamental importance, where it might otherwise appear to make little difference at plant level where strong workplace organisation already exists.

Although the NEC statement on industrial democracy to the Party conference of 1968 accepted a number of the proposals made in the **Report**, how little the more profound implications of the argument were grasped appears in the statement that 'the aim is to extend into the workplace the constructive power the unions now have in national economic planning. . . it will require a closer integration of shop stewards into the unions' chain of command'. Whereas the Report saw 'a framework of representation that extends upwards from the workplace', the NEC appear to have imagined the army of labour marching to the orders of NEDC and the government. In reality, the unions do not have influence over the organisation of production at national level, but only influence over the economic policy of the government. The extension of workers' control at plant level involves direct control over their own activity, not merely influence over the activity of an alien power, the state. What the Report proposed was the extension upwards of the direct control which was being enhanced by developments in the nature and form of collective bargaining at plant level, that is, the direct co-ordination of economic activity on a wider basis than the individual **firm**, the collective **organisation** of production. The slant given to the proposals in the NEC statement arises from the identification of planning with the activity of the state.

It was this attitude, rather than the novel approach outlined in the Working Group report, which was to dominate the debate within the Party on the future direction of industrial policy. The arguments in the report were criticised on the ground that they confused 'industrial' with

'economic' democracy. The latter concept was concerned with the accountability of firms to the 'public', the community at large, which was the responsibility of the government, while the former was confined to the accountability of management to the workers in the particular enterprise. It was necessary to delimit the concept in this way to avoid getting interests and responsibilities blurred and confused, and to insist that any democratic system of public control over the economy should be the direct responsibility of the government and its agencies. The mistake in the tripartite approach to the extension of workers' influence was that it appeared to reduce the 'public' interest represented by the government to the status of the special interests of the other parties. In other words, the extension of control by the organised working class was to be subordinated to and restricted by—according to the argument which ultimately prevailed—the abstract concept of the 'public interest', the sacred cow of bourgeois politics. The difficulty was how to reconcile the extension of state domination through economic planning with the expressed commitment to 'industrial democracy', for the ability of workers to control the enterprise could not be greater than the degree of autonomy allowed to it under the plan, since the planners were accountable, not to the organised workers, but to the 'public'.

According to Labour's Programme 1973, powers to draw up plans and compel companies to carry them out would only be used 'after the fullest consultation with the trade union movement—and, of course, such powers will always be subject to the control of Parliament'. Clearly, the function of the word 'and' is to disguise what has been made clear by the words 'consultation' and 'control', whereas a previous sentence spoke more vaguely of making industry 'accountable both to the public through Parliament and to its own employees'.¹⁰ Planning by the state is inevitably a restriction on the ability of workers themselves to control production directly. Nor is this conclusion a matter of mere semantics. It follows necessarily from the assumption that the influence of workers over production is limited to the particular enterprise in which they happen to work, while planning is a suppression of the autonomy of that enterprise. If the state is the instrument of planning, then the plan must override the views of workers unless they are in conformity with the plan. Their views may be taken into account, but the ultimate decision is the prerogative of the state. And since the workers themselves are assumed not to constitute a force capable of planning, their direct control over the planning process must be minimal. It will not extend beyond the determination of 'tactics', an idea which, putting aside its purely illusory nature, is similar to those employer-inspired schemes of 'worker participation' which leave the employer to decide what shall be done, but permit consultation with the employees on the best way to do it.

The easy victory won by this point of view within the Party, and the

eclipse of the planning aspects of the 1967 Working Party report, reflected a degree of reticence about the extension of workers' control in the private sector. The 1967 report saw 'serious difficulties' in the extension of 'industrial democracy' here, arising from the 'narrowness of its ends' (p. 48). Rather, it was the public sector which appeared to provide more 'important opportunities for a rapid development of industrial democracy beyond its present practice and forms of participation' (p. 53). This had little to do with the relative development of collective bargaining in public and private sectors, however. Productivity bargaining, which the report identified as the main form in which new **structures** of power were enabling workers to exercise greater influence over the management process, was at the time much more a phenomenon of private manufacturing industry. The decisive factor was the apparent acceptance by the public sector of some idea of 'public service' or 'social accountability', in contrast to the motivation of private profit. It was felt that considerations of this kind might mitigate the conflict which could otherwise develop within the management process itself over the purposes of production. Such conflict, or its possibility, might lead to greater resistance on the part of the employer, making advance more difficult. Or, something which concerned the Working Party, it might induce the employer to 'bypass or emasculate. . . independent trade unionism' (p. 23). This traditional fear on the part of trade unions is an expression of their weakness, although it is often rationalised as a principled refusal to 'associate themselves. . . with the wastes of a destructive competitive process' (p. 23).

The illusory character of the supposed greater compatibility between the 'public' interest and the 'accountability' to the taxpayer on the one hand, and the interests of workers in the public sector on the other, has been sufficiently demonstrated in the pattern of industrial disputes since the report was written. What was important at the time was that this conception required planning and 'industrial democracy' to be related to each other. Hence, planning could be seen as an extension of workers' control. However, the emphasis given to the purposes of production as a basis for 'industrial democracy' gave rise to a different and contradictory conception. By according priority to the public sector, the extension of workers' control was made dependent upon the development of state ownership and planning. Hence, the report concluded that 'it is only as capitalist enterprise is required to work in a more controlled framework that the restraints on a more extensive participation and co-operation in many areas of the activity of firms will be reduced' (p. 23). If the regulation of capitalist enterprise was not to come about through the development of forms of direct control by workers, but was instead to be its precondition, then such regulation could only consist of direct control by the state. Planning in the private sector would be, therefore, primarily the responsibility of the state. The distinction between the

private and public sectors in the context of policy on 'industrial democracy' expresses the domination of this idea. As long as it held the stage, further development of a general and political programme for the extension of workers' control remained impossible. The connection between planning and 'industrial democracy' produced the false dawn of a revolutionary insight, but served, at the same time, to inhibit the really progressive side of the relationship.

By moving away from any explicit concern with the purposes of production, the TUC report on Industrial *Democracy* (1974) was able to focus attention exclusively upon the factor common to both private and public sectors, the structures of power within the enterprise. The aim of industrial democracy was now conceived more narrowly as the extension of the influence of workpeople and trade unions over a wide range of managerial decisions which affected their interests directly as employees. These decisions were those on 'investment, location, closures, takeovers and mergers, and product specialisation of the organisation' (para. 85). Without an extension of control into these areas, the ability of unions to protect the interests of their members would remain severely circumscribed in an increasingly crisis-ridden economic environment. Rather than a more cautious approach in the private sector, the need here was considered to be 'particularly acute' because of the limited extent to which collective bargaining had developed at the corporate level, where the important planning and investment decisions were taken. The problem was no longer whether, but how best to secure a greater degree of trade union control over the enterprise. This policy objective was embodied implicitly in the terms of reference of the Bullock Committee—to consider how best to establish a system of worker representation on boards of directors in the private sector.

Party policy on economic planning was formulated during the earlier phase of thinking on the issue of workers' control. The fact that these hesitations had been pushed aside, if not entirely eliminated, was signalled in the 1974 TUC report. Although not overtly concerned with wider questions of planning, the report had noted that the proposed extension of industrial democracy must 'affect the process of national planning itself' (para. 62). The manner in which this would occur was revealed at the November 1975 and January 1976 NEDC meetings, which set in hand special studies in thirty, later increased to forty, key sectors of manufacturing. The studies were to be carried out by the Economic Development Committees, or newly established Sector Working Parties, with the aim of improving the productive potential of industry. Although the TUC continued to call for the conclusion of planning agreements as the mechanism for drawing individual companies into the planning system, the shift in emphasis to the sectoral level cut across the national focus which underlay the conception of the planning agreements system,

while the development of independent tripartite machinery cut across direct control by the state. It was this shift in the direction of the industrial strategy which led eventually to the conclusion at the 1978 TUC Conference that 'the next stage of the Industrial Strategy depends critically on full trade union involvement in decisions at company and plant level'. That the extension of 'joint control of decision making at all levels' in the private sector was now seen as the matter of crucial importance for economic policy is indicated in the rider that the public sector ought not to be treated 'less favourably'. These developments in the industrial policy, together with policy on the promotion of industrial democracy, will be discussed in a further article.

The 'Alternative Economic Strategy'

Those who treated the perspective of the 1973 Programme as engraved on tablets of stone condemned this evolution of the real economic forces. Labour's Programme 1976 reasserted the validity of the original conception, criticising the deviation in the government's policy brought about by the combined influence of resistance by the employers and pressure from the TUC for greater trade union involvement (pp. 21-4). While, therefore, 'left' criticism of government economic policy after 1976 overlapped to some extent with that of the TUC, it was also critical of the TUC's connivance in the subversion of the planning agreements **strategy**.¹¹ Here is the origin of what has come to be known as the 'Alternative Economic Strategy'. Even when apparently significant verbal concessions are made to some notion of workers' control or 'industrial democracy', the cardinal principle in all its versions is the extension of domination by the state. Although, for example, the CSE London Working Group 'attach an **over-**riding importance to the extension of workers' power—both at the point of production and within the wider democratic process of arriving at economic and social goals', and to the 'extension of organised working class power', these ideas are not developed consistently, but hedged about and qualified by the dependence on the state. The mechanism of the planning agreement is to be 'negotiated between management and government', while the trade unions play only an 'important', but undefined, role. The powers available to the government in this process 'could in theory be used equally against opposition to the government's plans from management or unions' (p. 71). Hence, it is not surprising to find that the argument peters out with weak suggestions for 'progress towards workers' control, set in a local economic context as an integral part of the AES', and 'the involvement of workers at the point of production, and of workers and their families in localities'. It ends on a note of perplexity, wondering 'how to make the institutions of the state more democratic' (p. 84-5).

In his *Road from Thatcherism* (1981), Aaronovitch takes it as axiomatic

that 'control of the economy is . . . inseparable from the intervention of central government and of the state'. Accordingly, 'any planning system must take its authority from the elected representatives and the government which is formed on that basis' (p. 69). Of course, there are the usual phrases about the need for the 'government of the left' to be 'backed by overwhelming public support', but the activity of the people is limited to '**becom(ing)** involved in a wide ranging debate on policy' on the one hand, and on the other, giving 'loyalty' to the state in the execution of the plan, and acting as its 'monitoring force' (p. 116). Exactly how 'large numbers of people' are supposed to support economic plans which they do not have the capacity to formulate, and which are not even necessarily formulated by their 'representatives', since 'much of the decision making and negotiations between centres of power necessarily takes place outside parliament' (p. 114), is left unclear. To our, admittedly 'inadequate', 'present system of representative institutions', Aaronovitch proposes an alternative 'democratic process'. Since, however, this idea cannot be realised in practice, because it contradicts the essence of state power, namely, its alienation from the people, 'even a thousandfold combination of the word "state" and the word "people" will not bring us a flea-hop nearer the **problem**'.¹²

What is clear for Aaronovitch is that direct control by the producers is envisaged only 'at the level of the enterprise and the plant' (p. 72), and that 'factory-based workers' councils as the ideal form of **organisation** is an extremely narrowing and sectarian vision which is bound to be resented by the millions who do not work in such enterprises' (p. 114-5). Of course, as an 'idea', workers' control is equally applicable to all places of work, whether they exist as factories, offices, shops, mines, quarries, or railway premises. It is true that the real basis of this idea, workshop organisation, is developed to the greatest extent in private manufacturing industry where the conditions for collective bargaining over pay and conditions at this level have been most favourable, but it has also become generalised to other sectors of the economy to a greater or lesser extent, particularly over the last decade or so. More importantly, however, Aaronovitch appears to have forgotten that the central issue for economic policy, as set out in his own book, is the revival and development of the industrial basis, production of actual wealth; he admits that the 'issue of accountability and control has arisen mainly for the small number of large firms'. In fact, the planning agreements system is intended, at least 'initially', to cover only about one hundred of the largest firms, controlling about half of manufacturing output. We need only compare this figure with the more than seven hundred enterprises employing over 2,000 workers which, on a conservative view, the Bullock Report on Industrial Democracy (1977) considered to be ripe for a significant extension of worker influence over the management process, to regain a

sense of proportion in this regard. It is precisely in the largest, and therefore economically most significant establishments, that union influence in relation to the particular employer is most strongly developed, a point to which we shall return in future.

The consequence of the refusal to allow that those in a position to control production in detail, the workers, must therefore determine the whole process of planning, is that planning can only take the form of bureaucratic domination by the state. In the inability of the state to control production 'in complete detail', Aaronovitch finds a guarantee which 'will limit the need for bureaucratic decision-making' (p. 51). Since, however, this limitation on the power of the state is also a limitation on planning, it follows that 'the market' will continue to play an 'important role'. The 'market' signifies competitive relationships between the producers, that production is still based on the division of labour. Hence, in the absence of direct control by the producers themselves, the control of production becomes a separate function, the prerogative of an external power, capital. Capital is simply the form in which the domination of production by competition becomes a domination over the producer himself. It explains the recurrent failure of producer co-operatives within a competitive environment. Aaronovitch's proposed solution is, predictably, a 'powerful democratic movement' which we can expect 'to have changed the perspectives of many who are in managerial positions' (p. 64). The affinities with the thought of the Webbs are clear. Our guarantee against the anarchy of capitalist competition is planning by the state, but on the other hand, our only guarantee against the bureaucracy of the state is capitalist competition. The only real solution to the oppression of the working class is a more ameliorative attitude on the part of the bureaucratic agents of the state and of private capital. Stalinism and right-wing 'social democracy' are both contained within this approach; in truth, they are simply two sides of the same coin, a reactionary guarantee of continued capitalist domination. Marx's comment is still apposite in relation to the 'state socialists' of the present day.

Despite its democratic clang, the whole programme is thoroughly infested with [a] servile belief in the state, or, what is no better, by a democratic faith in miracles, or rather, it is a compromise between these two sorts of faith in miracles, both equally far removed from socialism.¹³

NOTES

1. TUC-Labour Party Liaison Committee, 'Economic Planning and Industrial Democracy: The Framework for Full Employment', July 1982, para. 21.
2. See R. Green and A. Wilson in *New Socialist*, No. 7, Sept/Oct. 1982, for a brief discussion of some of this material.

3. S. & B. Webb, *A Constitution for the Socialist Commonwealth of Great Britain (1920)*. References are to the 1975 edition.
4. *Self-Government in Industry (1917)*. References are to the 1972 edition.
5. 'Conspectus of Bakunin's "Statism and Anarchy".'
6. Hughes, 'Trade Union Structure and Government', Donovan Commission Research Paper No. 5(1).
7. CBI document, cited in **Leruez**, *Economic Planning and Politics in Britain (1975)*, 145.
8. e.g. Sloman, *Socialising Public Ownership (1978)*.
9. Report of the Labour Party Working Group on Industrial Democracy (1967), 25-6.
10. *Labour's Programme 1973*, 18.
11. 'The TUC has never taken the idea of planning agreements seriously, and threw its full weight behind the tripartite strategy launched in 1975', CSE London Working Group, *The Alternative Economic Strategy (1980)*, 67-8.
12. **Marx**, 'Critique of the **Gotha** Programme'.
13. *Ibid.*

The following two articles are written by two members of the GLC's Police Committee Support Unit. The views expressed here are those of the authors alone and not those of the GLC, its Police Committee, or the Police Committee Support Unit. The articles were written in collaboration and the footnotes to both appear on p. 74 ff. We would like to thank Claire Demuth, Paul Gordon, Jenny Pawson, Teresa Sim and Vron Ware for their critical help and support with these articles.

P.G. and J.S.