

NATIONALIZATION IN BRITAIN

A Selective Review of Recent Literature

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Introduction

LABOUR'S response to the problems involved in renationalizing steel and road haulage and in establishing "competitive public enterprises"¹ in other industries is likely this year to become the test of the Labour Party's capacity to lead the country into the scientific revolution of the next decade. This is therefore a good moment to review the experience of nationalization to date. In this task we now have ~~two~~ recent books which do much to bring together the materials for such a review—Harry Hanson's *Readings on Nationalisation*² and the Fabian Society study of the *Lessons of Public Enterprise*.³ Unfortunately no chapters or sections of books are included in Hanson's *Readings*. W. A. Robson's *Nationalised Industry and Public Ownership*⁴ must be the starting point for every student, but there is now a vast and growing literature, some part only of which can be reviewed here.

I shall limit myself in this essay to the consideration of three main problems:—

- (1) That of central control over policy by Parliament, Minister and Boards;
- (2) That of the relationship between public and private enterprise within a developing framework of economic planning;
- (3) That of encouraging workers' participation inside the nationalized industries.

These are the key problems to be solved, if further nationalization is to become an effective instrument both of planned economic growth and of the social changes which socialists desire. They are also the problems that most worry voters who may be influenced by argument about nationalization. Different problems will affect different sections of the electorate, but socialists may well have fears under all three heads. The first problem considered here involves the fear of bureaucratic central control and even of government dictatorship,⁵ especially if more industries are to be brought into the public sector. The second involves the fear that the public sector may become increasingly an exploited servant of private capitalism in its new form.⁶ The third involves the fear that the workers will not have any more of a say in a nationalized industry than they have under private ownership.¹ Convincing solutions for all three problems have therefore to be offered, if the

electorate is to be persuaded to vote for even a small new instalment of nationalization.

The Problem of Control and Accountability

This is the subject of **Harry Hanson's** own important book *Parliament and Public Ownership*.⁸ The need for a measure of social accountability in nationalized (as in private) industry arises both from the large proportion of the nation's resources involved in the very largest modern undertakings and from the monopolistic market conditions existing in such industries. The State is increasingly expected to interfere on behalf of the community as a whole in investment and price policies, where so much is at stake for the national economy. The expectation becomes the greater the more it is recognized that there has to be some element of economic planning, even including some discriminatory planning, that is between persons, firms, industries and regions—if the interests of the whole community are in fact to be served.

The logic of the demand for accountability in nationalized industry leads ineluctably to the extension of such accountability to wider and wider areas of industry. The response of a Conservative Government to such logic has been to try to turn back to competitive market conditions, rather half-heartedly in private industry through the Monopolies Commission and the Restrictive Trade Practices Act⁹ and rather more wholeheartedly in the nationalized industries through the setting of commercial rather than public-service criteria for their operations.¹⁰ Co-ordination of the policies of the different nationalized industries, even more of nationalized and private industry, have been eschewed. The Ridley Committee Report of 1952 on a National Fuel and Power policy¹¹ has been forgotten and Dr. Beeching was set the interesting task of devising a policy for the reshaping of British railways without examining the implications for transport by road of goods or passengers.¹²

Even in a framework of competition, however, there remains the need for industries owned by the nation to be in some way accountable to the nation. Examples of the lack of public knowledge of the interference of Ministers with the decisions of the Boards of Nationalized Industries are now well known; and there is scant evidence that such interference has been ended with the instruction to pursue commercial policies. The recent wholesale sacking of the Board of B.O.A.C. on the basis of a secret report to the Minister was only the last of a long series of behind-the-scenes manipulations revealed only some time after the event. Interference of Ministers with the Coal Board and Transport Commission price policies in the interest of purely Party political advantage and the susceptibility of Ministers to the influence of private interests in the the competition between private oil companies and the National Coal Board, between private and public airlines, between private road and public rail transport and in the placing of contracts

with private companies by the public boards have all been the subject of detailed analysis by John Hughes,¹³ Clive Jenkins,¹⁴ and others.

The establishment of some form of Parliamentary control over such ministerial actions has been yielded only with the greatest reluctance by Labour and Conservative Ministers alike. But at least there is now a permanent Select Committee on the Nationalized Industries, albeit without any investigatory staff, and there has been a growing acceptance of responsibility by Ministers for answering questions in Parliament about the general working of the several nationalized industries. With what difficulty these advances have been achieved is well shown in both Hanson's own book¹⁵ and in the Report of Sir Toby Low as the Chairman on the first years of the Select Committee's working, which Hanson gives among his Readings.¹⁶ Few, however, would accept the optimistic bill of health that Robson gives to the present system of accountability between Board, Minister and Parliament.¹⁷ The charge of "old boy" arrangements behind the scenes is not yet answered.

Most of the problems of responsibility arise from the insistence of Herbert Morrison on bringing the nationalized industries under nominally independent boards of a kind that had been tried out in the nineteenth century, found wanting and been replaced by State departments under ministerial responsibility, but which Mr. Morrison revived in the case of the L.P.T.B.¹⁸ Labour's fears of civil servants and Conservative distrust of State power combined to make the Morrisonian model the seemingly most acceptable instrument of nationalization. The case for the Government department concept, retained in the Post Office, was, however, cogently argued in 1945 by Professor Greaves¹⁹ and has been restated sympathetically by Austin Albu in his essay in the recent Fabian Society Study.²⁰

Despite the much vaunted efficiency of our postal services, socialists may well fear the inadequacy of Parliamentary control even where ministerial responsibility is clear, the lack of regional decentralization in the case of industries which are more concentrated than is the G.P.O. in particular parts of the country, and most of all the weakness of trade-union organization in a Government service department. This leaves us with the Select Committee. Hanson's view is that the main trouble at present lies with the lack of staff of these committees. He therefore recommends in his book the setting up of a "specific agency," which should be "independent of Ministry, Board and Parliament and exclusively devoted to the production of high-quality information and the provision of reasoned advice."²¹ The agency would be made up of accountants, economists and other experts and would be at the disposal of Ministers and Parliament and other bodies. It would examine definite problems referred to it and would publish annual reports on the work of the nationalized and other industries. The value of the reports of such an agency cannot be doubted. but the problem

remains of developing and integrating the responsibilities of Parliament and of the different regions and of the Unions, if the area of planning and State enterprise is to be widened. As far as concerns Parliament there has been growing support for specialized committees of the House, for instance from Dr. Bernard Crick in a Fabian pamphlet²² and a forthcoming book,²³ and from no less an authority than Mr. Michael Ryle, Senior Clerk in the House of Commons.* Moreover, the committee set up by Mr. Harold Wilson to consider means of strengthening the power of Parliament is expected to have some radical solutions to offer, and it is very much to be hoped that the importance of this power in relation to central control over industry and over national economic planning will not be lost on its members. What the Yugoslavs have done in developing the powers of Parliamentary committees in both formulating and controlling national economic plans is worthy of note in this connexion.²⁴

There remain the possibilities of developing both regional and trade union responsibilities in the public sector of the economy. It has been a major theme of left-wing critics of the unions that their national influence both singly and through the T.U.C. on the many national bodies where they sit with employers' and government representatives has been greatly weakened by their lack of research and intelligence staff to supply them with effective policies.²⁵ The argument for strengthening the power of the General Council of the T.U.C. takes us beyond the limits of this review, but the whole question of increasing workers' participation in nationalized industries will be examined in a later section.

The possibilities of regional decentralization of the nationalized industries have generally produced a negative response from socialists because of the fear of a Conservative Government hiving off the more profitable part of these industries to private ownership. Government proposals for breaking up the railway system into autonomous regions were even resisted by a Conservative-dominated Select Committee, which also criticized the weakness of the confederal structure of the Gas Boards.²⁷ The necessity for central planning of research, for central budgetary and stock control, investment decision and common services and for central purchasing departments make up a strong case for centralization. Moreover, consumers expect similar provision from a nationalized industry wherever they may happen to live. The possibilities of developing the non-reserved powers of Area Boards remain. At present they are limited at precisely the point where they might be most usefully encouraged into joint regional action.²⁸

To the consumer it is the services of his local board that matter most; and these may involve decisions ranging from the exact location of a plant costing millions of pounds to the replacement of a gas filament costing a few shillings. This is where the statutory provision of consumer councils and the development of regional government might be most usefully allied. The general view of those who have

studied the working of these councils is that they have **been** largely ineffectual, being both too closely tied to the administering of the industry and inadequately supplied with technical information. This has been particularly the case with the Transport Consultative Committees which have examined the proposals for withdrawal of railway **services**.²⁹ Recommendations for improving consultation have included suggestions for establishing links between councils and elected local authorities and for uniting the councils for different industries together into one system with national, regional and local levels of **operation**.³⁰ Hanson's "specific agency" might be able to serve the Consumer Councils as well as Parliamentary committees to provide the technical information that the councils are said to **require**.³¹

What must now be considered, with the prospect of further additions to the public sector and the development of national economic planning, is a much greater co-ordination of public services on a regional as well as on a national level. Those like Peter Self who have for long been arguing in favour of regional self-government, while at the same time giving more worthwhile work to the lower units of local **government**,³² have an even stronger case if the range of services supplied by Area Boards of nationalized industries present and future are taken into account as well as the services now supplied by local authorities. "Home Rule," within overall national planning becomes increasingly important not only for Wales and Scotland, but for each of the main regions into which England is divided. The narrowness of the Conservative Government's development districts must, of course, be avoided in the delineation of regions.

It has been the argument of a considerable body of town planning authorities leading up to the Buchanan Report^B that no town and country planning policy, no road and rail policy can be established until we begin to think seriously about the kind of country we want to **live** in and that can only be done by thinking first of the kind of regions we want to live **in**.³³ All the experience with roads and railways lines, with coal mining and power station building, with town planning and rural preservation over the last decade would seem to suggest that the question of environment cannot be allowed to become a secondary consideration in establishing efficient public services. But it is just here that we are so desperately short of the necessary research and information on the basis of which planning can proceed. Buchanan has shown what can be done in a few sample districts. Many towns and cities and some regions have **long-term** plans prepared and tucked away in pigeon-holes. What is now required, and the expectation of our population growing to 75 million by 2010 makes the requirement urgent, is a survey of the whole country and the initiation of discussions at every level throughout the country involving at the same time as many people and associations, elected and voluntary bodies, as possible, to decide on the rough outline of the kind of Britain we want. If the Labour

Party could fire the enthusiasm of our people for such a new Domesday Book, in which we felt that we were not merely surveying but shaping our own future it could win the election and much else besides. For, within such a framework social service and public enterprise could come to mean in fact what the words imply.

Relations Between Public and Private Enterprise

A recent F.B.I. pamphlet³⁵ on Civil Research Policy included the following basic statement of policy regarding public assistance to private industry:

"Certain facts are operating to place limits on what private industry can do unaided. Modern developments are sometimes on so large a scale, or involve such costly apparatus, as to involve too great an economic base for single companies, or even consortia. New breakthroughs may take a decade or two to reach full commercial exploitation, or be too speculative for industry to carry without some help. Sheer complexity in an interdisciplinary sense is also a limiting factor. The practice of other countries, notably the U.S.A. in assisting private industry in civil research and development give them a strength which we must match, or lose out.

This paragraph should be read in conjunction with the F.B.I. 1958 *Report on Nationalisation*,³⁶ of which one paragraph is enough to give the tone of the whole:

"In the free enterprise system the task of solving the problems of costs, prices, consumer protection and accountability rests with the market. The market produces flexibility, adaptability and a constant pressure for innovation, and where these features of economic activity are especially necessary free enterprise has no peer."

The implication is that in research and, we may have reason to add, in other fields also, the State is to provide an important part of the market, but private industry is to provide the enterprise and presumably reap the rewards. At the same time, the F.B.I. considers that the Government should not attempt, as Labour's *Signposts for the 'Sixties* had proposed,³⁷ to supervise the programmes of investment by private industry of its funds, including those realized from the state expenditure on research and on other projects. For in the words of the F.B.I. 1958 report again: "This is not a manageable task for a single authority except under totalitarian or wartime planning."³⁸

We must limit ourselves here to the problems that already arise in the relations between the public and private sectors, leaving aside those that must follow the bringing of private industry under more active State supervision. The present situation has been characterized by John Hughes in his contribution to the Fabian Society Study as "the economic exploitation of the nationalized industries."³⁹ His case is first that these industries had been supplying services to the rest of industry throughout the decade of the 1950s at well below their true cost. Tariffs

in rail transport and electricity had gone up by much less than the average for other prices, special concessions were consistently made for example to the steel industry by both the Coal Board and the Transport Commission, and for many years all coal was sold at a price well below the market price.⁴⁰

The result of these pricing policies was a succession of deficits building up to a grand total of over £200 millions, even though depreciation provisions were being made at historic cost. Had they been made at replacement cost, as was the practice in the rest of industry, the deficit might well have been of the order of £1,300 million according to Hughes. Furthermore, had the nationalized industries also found three-quarters instead of a quarter of their own net capital formation from self-financing—again, as private industry was doing—the deficits would have been well over £2,000 million.⁴¹ That is to say that consumers would have had to pay in the 1950s nearly £200 million per year more than the average of around £3,000 million that they did pay for their services from public corporations. Since rather more than half of the value of services supplied were to private commercial and industrial consumers (i.e. not to private persons or to public bodies), the transfer of income from the public to the private sector must have amounted to at least £100 million a year. Of course, Hughes points out, just to have raised prices in nationalized industries by that amount would not have redistributed incomes between the two sectors. In part the price increase would have been passed on and in part met by private industry switching even more than they did from coal to oil, from rail to road, from public to private electricity generation, etc.⁴²

That such switching possibilities existed may seem to suggest that the nationalized industries have indeed been failing, as the F.B.I. Report charged,⁴³ to supply their services efficiently. In replying to this charge, Hughes develops the second part of his case that the nationalized industries have been the "milch-cow" of the private sector.⁴⁴ The purchasing departments of these industries, he claims, have not been taking advantage of their monopsonistic position or, at least, of the very large orders that they place to reduce the prices they themselves have to pay for the £1,000 to £1,600 million of purchases they make each year in the private sector.⁴⁵ Some of the scandals of aircraft, telephone and electric railway equipment purchases, and we may add of drug purchases by the Health Service, are now well known. They provide some of the reasons for the recommendation in Labour's Signposts for the 'Sixties that the "position of those industries which are largely dependent on state purchasing programmes should also be reviewed."⁴⁶

The third part of Hughes' case is that the nationalized industries have been prevented either by statute or by pressure on board chairmen from developing not only their own supply industries but just those lines of vertical and diagonal integration, from which today so many

economies of scale in private industry proceed. For example, the N.C.B. has been limited in its development of its own chemical manufacture and its own distribution system. Transport and electricity were hedged around with restrictions on manufacturing their own supplies by the interdiction on selling for export or to other suppliers and thus widening the market to obtain returns from *scale*.⁴⁷

The final part of Hughes' case is that the result of the mounting burden of debt of the nationalized industries, caused by low prices received and high prices paid and by borrowing funds for debt redemption (including compensation debt) and for new investment has been the payment of annual interest charges totalling some £250 million a year. Again, this is paid from the public sector to the companies and private property owners who supply the money under state guarantee. Future generations will have to make good the deferring of payment for capital *equipment*.⁴⁸

There remains a further problem to which inadequate attention has been given, although the authors of Chapters VIII and XIII of the Fabian Society Study are evidently aware of it, as is Ernest Davies in Chapter XIV.⁴⁹ This is the conflict between strictly commercial and social ends. One part of this conflict is widely recognized and that is the problem of meeting public needs without considering commercial cost, e.g. in the provision of electricity and transport in rural and outlying areas or the supply of extra coal in the early 1950s at almost any cost. What has been too little recognized is the social cost of the provision of a whole range of present services, both public and private. This is partly because, as we saw earlier, no adequate picture has been drawn up of the kind of social environment that we want. It is partly also because calculations of social costs have simply not been made. It is only since the Conservative Government required more strictly commercial costing from the nationalized industries, from the coal industry and the railways in particular, that such social cost calculations have even begun to be made and on quite inadequate data. An earlier and very valuable attempt to work out the social costs of the use of different fuels by the *Ridley Committee*⁵⁰ and by Mr. I. M. D. Little⁵¹ was unfortunately rendered quite out of date by the emergence of cheap fuel oil after 1957; but the need for a fuel and power policy is now even greater than it was five years ago as new power stations and oil refineries and gas grids are planned.

The main case of the critics of Dr. Beeching has been that the social costs of his plans for reshaping the railways have simply not been estimated. One attempt to do this, by the National Institute of Economic and Social *Research*⁵² was based on a figure of 0·5 per cent addition to the load on the roads from all the planned closures, not including the closure of coal depots. This figure was found by taking Dr. *Beeching's* estimate of the transfer of 0·2 per cent passenger miles and one per cent freight ton miles to the present road load. But had simple tonnage

figures been taken the transfer would have risen to an over six per cent addition to the road load. And this figure may well be the more realistic in the view of some commentators⁵³ in terms of congestion, accident rates, wear and tear on roads, noise and tension, etc., in the towns where the stations are to be closed. Little is in fact known about all this.⁵⁴ For example, estimates of the wear and tear of the traffic added, especially the coal traffic, compared with the traffic already on the roads have not been made. Studies in Ohio, quoted by a United Nations Inland Transport consultant give a figure of "cost responsibility" for a ten-ton lorry seventy times that for a one-ton lorry.⁵⁵

Even with all the necessary data of this type assembled, only half of the material necessary for working out the basis for correct national policies would be available. What is also required is an estimate of the total loads over which costs are to be set. All previous calculations have been made on the assumption of small variations in the present division of loads, i.e. between road and rail or the different forms of heat, light and power. What is too little realized (an unfortunate typing error in a letter to the *Times*⁵⁶ from the author of this review suggested that he too sinned in this way) is that it may very easily happen that the employment of two or more competing types of transport or fuel in one area fails to provide the optimum economies of scale of operation from any of them. Unfortunately for economic theory, competitive equilibrium is no guarantee of least cost in resources to the nation.⁵⁷

It is hard to avoid the conclusion, although the Fabian Society Study succeeds in doing so, that the only viable future for the present nationalized industries is to be integrated with oil, steel, road haulage and the necessary supplying industries and to become the basis for much more far-reaching economic planning. There is already some interesting experience becoming available from similar developments in France, which have been taking place rather in spite of than because of the Common Market harmonization policies. Peter Lovell's chapter on "Lessons from Abroad"⁵⁸ in the Fabian Society Study is not particularly helpful, but Hanson in his Readings has a very valuable reprint from the *Annals of Collective Economy*⁵⁹ on replacing the test of profitability by productivity measurement in state undertakings in France and some interesting material also in his own book.⁶⁰

Prospective Labour ministers who may be responsible for economic planning should look carefully at both Pierre Mendès-France's new book on *The Modern French Republic*⁶¹ and at the Hacketts' *Economic Planning in France*.⁶² They will find much on administrative machinery and the integration of investment planning and also much on the importance of regional decentralization. They will find especially in Mendès-France just the concept of a new social environment which Labour policies seem now to lack. What they will not find is anything about workers' participation in state-owned enterprises and in state-controlled planning. To this we must now turn.

The Problem of Workers' Participation

It was one of G. D. H. Cole's central themes that "a person requires as many forms of representation as he has distinct organizable interests or points of view."⁶³ A citizen has many different points of view in Cole's sense; he lives in a town, consumes goods and services, pays taxes and rates for other services and, perhaps most important, he is a worker. So Cole believed that "all true and democratic representation was therefore *functional* representation," and this was the basis of his restatement of Guild Socialism. Workers' control in industry was only one of many forms of functional democracy in Guild thinking.

Royden Harrison in an important *New Left Review* essay in 1960⁶⁴ quoted Robert Dahl's⁶⁵ distinction of workers' control and central control as essentially contradictory strands in socialist thought. The case for workers' control at least in the eyes of the Guild Socialists⁶⁶ was always concerned not only with management of the detail of productive processes in the workshop but also with decentralization of economic decision-making. If the Guild Socialists erred in that they "simply ignored most of the problems of higher control and planning,"⁶⁷ it is now very clear from the Russian experience of unbridled central planning that workshop democracy and decentralization cannot be ignored either. It was Cole's hope in his later years that "automation, even if it means operations on a still greater scale, will bring with it operation by human groups of rational size and will demand from each man a more individual contribution."⁶⁸ Modern planning techniques with the aid of computers are already beginning to indicate, moreover, the possibility of combining rational central planning and decentralized local management, without a hierarchy of line command in between. Communist practice in Eastern Europe and especially in Yugoslavia is already moving in this direction.⁶⁹

It was in the light of these developments that I have separated in this review the discussion of national and regional control of the public sector and the discussion of workers' control. It is not my intention by so doing to underestimate the importance of finding ways of bringing the voice of citizens in their function as workers to bear upon national policies both for separate industries and for the economy as a whole. It has already been suggested that the chief present reason that this voice is inadequately heard is the lack of staff at the head offices of the unions and of the T.U.C. capable of research and policy formulation. One particular proposal for strengthening union representation is very much in the Guild Socialist tradition. Clive Jenkins, the general secretary of A.S.S.E.T., the Association of Supervisory Staffs, Executives and Technicians, has proposed electoral colleges of different occupational groups--clerks, supervisors, managers, labourers, technicians—to supply worker-directors in nationalized industries.⁷⁰ Trade unions built on craft or industrial lines rather than on the occupational basis of

Jenkins' own union might resent the cross-cutting of their present lines of demarcation. Nevertheless, such occupational colleges might supply not only for boards of nationalized industries but for local, regional and national assemblies something of that "functional **representation**" which the Guild Socialists sought.

Present thinking in many trade unions, however, rejects both workers' representation and workshop control in favour of "the new **approach**"⁷¹ of collective bargaining. This approach, which seems to have been evolved at Nuffield College, found expression in the 1953 T.U.C. Interim Report on Public Ownership, where "support of 'workers' control' " is regarded as a minority viewpoint," based on "syndicalist conceptions" . . . "out of date ideas" . . . requiring "a determined effort . . . therefore . . . by education and propaganda to explain current policy more fully . . ."⁷² This report thus entirely reversed the earlier T.U.C. Interim Report of Post-War Reconstruction of 1944. This had recommended not only that there should be "nomination by workers' organizations of candidates from whom the Minister shall select a number of the board **members**"⁷³ but the bringing of the "execution of policy . . . not only as a matter of right, but in the interests of the efficiency of the industry, (to) be subject to the continuous influence of those whom it directly **affects**."⁷⁴

It was in the light of the 1944 Report that consultation as well as conciliation procedure was built into the various nationalized industries, with two suggestions in the report erected into principles of operation. First, the report recognized that "though the management must be under an obligation to consult these councils, it does not appear that the latter can have any executive authority other than that agreed with the **Board**."⁷⁵ Thus, except in certain Electricity Advisory Committees and Pit Safety Committees, where significantly most progress in consultation has been made, no executive powers have been **taken**.⁷⁶ Moreover, only in electricity have the councils gone far beyond purely welfare matters and questions of communication to consider the general running of the industry. There is a very wide range of activity within each industry, but there appears to be a qualitative difference between the colliery manager, as ex-officio chairman of the consultative committee, dealing with questions of absenteeism or the introduction of a new cutting jib, as we see him in **Baldwin's** study *Beyond Nationalisation*⁷⁷ or in the Liverpool study of Coal and *Conflict*,⁷⁸ and, on the other hand, the power station manager, as Roberts and Sallis describe **him**,⁷⁹ presenting a regular progress report on the long and short-term plans for the industry and their implication for local developments.

It may not be only joint executive power that distinguishes genuine consultation from its fake, but this evidently helps; for the real test is whether action follows consultation or not. Two comments from widely different sources are of interest here. The first is from the report of the enquiry into Joint Consultation in British Industry undertaken in **1951**

by the National Institute of Industrial Psychology, which in the concluding chapter sums the matter up as follows:

"In effect, then, joint consultation may be seen as the means for completing the pattern of democratic leadership implied in a decentralized organization. If leadership is not to be thought of as a function of senior management only, joint consultation must be practised throughout the management, thus vesting the group as a whole with the means for exercising this democratic leadership function as well as themselves being led in this way."⁸⁰

The other comes from a New Left Review article on "Workers' Control" by Dennis Butt, who ends by emphasizing that what distinguishes the work of those, like professional workers, who get most satisfaction out of work is less the absence of humdrum and monotonous tasks, than "the acknowledged significance of its contribution and relationship to a total pattern of social labour and activity."⁸¹ The Yugoslavs have shown themselves particularly aware of the importance of developing consciousness of the social significance of labour.⁸²

The second "principle" accepted from the T.U.C. 1944 Report in the nationalized industries' procedure for consultation has been that of the "complete independence" of the trade unions,⁸³ i.e. their independence from management. This led not only to the few trade unionists who joined boards of nationalized industries severing all links with their old unions, but to the election of members of local level consultative councils direct from the workers and not from the trade union branches. In the coal industry and elsewhere this is modified now to give the unions power of nomination.⁸⁴ Even with this concession the danger has arisen of the alienation of the members of the consultative committee from the union and even from the men, as evidenced by the authors of *Coal is Our Life*⁸⁵ and by the opposition to consultation of the unofficial shop stewards' movement in electricity in London and the South East.⁸⁶

It may well be that consultation and conciliation procedure should be kept separate (though this is not in fact universally accepted),⁸⁷ but there is an evident implication, developed by Clegg⁸⁸ and others, including most of the authors of the Fabian Society Study,⁸⁹ that this necessarily divorces the unions from any interest in workers' participation in management. It was the main thesis of Royden Harrison's critique of Clegg's "New Approach"⁹⁰ that there was on the contrary every reason, as things now are, why the unions should be involved in the election of representatives on consultative councils as well as in choosing their spokesmen in negotiating machinery. Different representatives may well be chosen for the two different jobs, but if the union is not involved in both functions, then workers are in fact being asked to support two potentially rival sets of leaders. This, Harrison suggested, has grave disadvantages so long as management is acting within a capitalistic framework. In the transition to workers' control,

he went on, "the transferring of consultative committees to controlling committees must take place under the auspices of the unions." This is not to say that even within the context of social ownership the trade unions will not have to retain their own representatives as watchdogs of the management, while being at the same time involved in electing workers' representatives responsible for management. The principle lying behind such a dual role for the unions is explicitly accepted in the Yugoslav constitution of workers' councils.⁹¹

The present position in the Labour movement regarding workers' control remains that, although the Labour Party in 1960 reaffirmed that it stands for "democracy in industry,"⁹² the phrase does not reappear in Signposts for *the 'Sixties*⁹³ and the Fabian Society Study deals with the subject significantly under the chapter heading of "Labour Relations."⁹⁴ John Hughes has suggested⁹⁵ that trade union members in nationalized industries are now getting the worst of both worlds—nationally, they have no control over management policy, but are expected to act responsibly in "their own" industry. At the same time, he believes that very much more use could be made of the consultative procedure at lower levels for making real advances towards sharing in management, if there were something to share. But local management is so circumscribed in its authority that consultative councils are inevitably concerned with minor matters. It is interesting that Dennis Butt speaking from his own experience of the motor industry emphasizes the crucially important experience of shop stewards' combined committees in solving not only problems of wages, hours and conditions but technological problems of manning as well, where management has greater authority.⁹⁶

There remains a serious gap in the thinking of socialists on workers' participation, to which both Hughes⁹⁷ and Butt⁹⁸ refer. This is the gap in consultation between the level of the plant or pit or firm and the level of the nation. Different people sit at different levels and business is rarely referred from one to the other. At intermediate levels in particular, both trade unionists and management representatives who are extremely busy men regard consultation as a chore to be got through as quickly as possible. This is where the earlier suggestion in this review of the development of co-ordinating regional boards might become important. It may well be that in management as well as in consultation the interposition of other levels of decision-making between the region and the plant might be rendered superfluous.

At this point the suggestions of both Hughes⁹⁹ and Harrison¹⁰⁰ run rather interestingly together. Both see the possibility of greatly strengthening the authority of operational management within a national plan of investment control and standard costing. Hughes doubts the advantages of personal line supervision that has been carried over from private industry via reports like that of the committee under the chairmanship of Lord Fleck (ex-chairman of I.C.I.) and via the leadership

of board chairmen like Dr. Beeching (ex-director of I.C.I.). Harrison questions whether some of the supposed economies of scale may not be the result of "the requirements of market strategy in a capitalist economy and of considerations of power and prestige (and he might have added of finding investment capital) rather than of technical factors." Professor Seymour Melman had already suggested as much in his study of *Decision-making and Productivity* at the Standard Motor factory.¹⁰¹ It is significant that, although computers have made possible a great increase in the possible size of plants, even in 1961 fifty-five per cent of all workers in manufacturing industry in Britain were engaged in plants with less than 500 workers.¹⁰² This compares with a figure of sixty-six per cent before the war. Statistics for distribution and transport show an even smaller proportion in large plants.¹⁰³ There is of course a much more striking trend towards concentration in the size of firms as opposed to plants, but this only emphasizes the point that it may well be rather the nature of the capitalist market for goods and capital that makes for bigness beyond a certain size, rather than the returns to scale.

In conclusion, what one must now hope for from the nationalized industries is some experimenting with different forms of workers' participation nationally, regionally and in different sizes of plant, with far more research and initiative coming from the trade unions. Clive Jenkins in 1958 in a section of the *Universities and Left Review* publication "The Insiders"¹⁰⁴ put forward several suggestions for workshop democracy including "absolute authority in such questions as working arrangements, hiring and dismissals" and "selection of their own supervisors (providing these are technically qualified)". Professor Alexander has suggested as a first step that these powers should at least be shared by bringing them within the responsibility of the consultative councils.¹⁰⁵ How much more can be done will depend on whether those "minority groups" whom the 1953 T.U.C. Report so strongly criticized for their "out of date," "syndicalist" ideas on workers' control can come up with the specific proposals which a Labour Government could begin to apply in an expanding public sector of the national economy.

NOTES

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