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SOCIALISM IN THE SIXTIES

TRADE UNIONS IN OPPOSITION

KEN ALEXANDER and JOHN HUGHES

THREE SHILLINGS AND SIXPENCE



KEN ALEXANDER is a lecturer in the Department of Political Economy, King's College, Aberdeen; JOHN HUGHES lectures on economics and industrial relations at Ruskin College, Oxford.

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PART I. WAGES & TRADE UNIONISM IN A CRISIS-RIDDEN ECONOMY

I. The Current dilemma of British capitalism

ON the wages front history is repeating itself with variations. The tone of the government is even sharper and more desperate and unreasoning than at the same stage of the cycle in 1956-58. Now the flight from sterling has preceded—and precipitated—an attempt at securing a wage stop by diktat. In 1956 an unsuccessful attempt to create a wage pause preceded the capital flight and a further bout of 'toughness' followed it. The attack on wages is the last *economic* resort of a government whose past economic policies are in ruins, and whose present economic policies are in the hands (literally, this is no longer a figment of socialist imagination) of conservative international bankers, and of the International Monetary Fund in particular.¹ It is the last *political* resort of a government which must create a scapegoat if it is to survive the next election.

But if this has happened before, why is the tone of the government so desperate? Why lay in ruins day-by-day the edifice of effective Trade Union recognition, respect for bargaining agreements, recourse to arbitration, all built up since the Whitley Report in 1916? Why slaughter the Ministry of Labour and all its works? For the government is doing *two* things it has not done before. It is trying to block a wage round already well under way on terms that are completely unacceptable to the Trade Unions, since not only has the cost of living risen and must rise further, but the government's measures will accelerate it. At least in 1956 a parade was made of a 'stabilised' cost of living. It is also, in so doing, trying to engineer a wage stop on a basis which is a flagrant violation of the yardsticks used by arbitrators. For these, at the least, require the maintenance of real wages (i.e. would adjust for cost of living changes)—and the government is striving to hold money rates level in a year in which the cost of living must be expected to rise 5 per cent. if not more. The

¹ We rather regret the number of times our friends on the left have cried 'Wolf' in this way. Now the wolf is loose amongst us. But as the fable tells . . .

other arbitration yardstick now so violently repudiated is that of attempted comparisons (whether of recent increases awarded or negotiated elsewhere, or the increasingly important one of 'fair' comparisons, based on the rate for comparable work elsewhere.) The government, in repudiating representative bargaining and arbitration as methods of wage fixing, is announcing that it has brought the economy to a state so parlous that the institutions and techniques of industrial relations built up over the last fifty years are expendable. Why?

Industrial Costs

The familiar answer is to stress the role of wage and salary increases in raising industrial costs, and to link this with the persistent weakness of the British balance of payments. Viewed as economic analysis this is both inadequate and unfair, as we show subsequently. But it is not the whole story in another sense—the economic problems of the government interconnect with the real pressure felt by capitalist industry on the wages front.

Wage advances last year, and wage claims conceded now, appear redistributive in a way that has scarcely been applicable since the war. Wage advances now could directly squeeze profit margins and transfer real income. Hitherto, in the context of near full capacity operation at home, increases in wages cost were passed on as price increases. After all, the Employers' Federation that agreed the wage increases was generally twin brother of the Trade Association that determined the price increase. Often, indeed, wage advances were assumed to lead to increased wage costs before they did so or even if they did not do so. The cry, 'compensation for a wage increase', could be a convenient pretext for the oligopolies; widen margins but blame wages. In a general context of rising world prices, until the later 1950s, there was little curb on the process even in the export field (distant delivery dates were a bigger reason for switching orders to other countries; and besides most Commonwealth markets discriminated in various ways against foreign suppliers).

But now there is far more surplus capacity at home, and far more is appearing (the context is one of the completion of a major burst of investment in plant, alongside at best a slow rise in demand). This is especially true in consumer durables, where even in the absence of another major wave of investment, there will be surplus capacity until the middle 1960's; it is increasingly true in capital good trades and will be even more so by 1962. Not only does this mean that competitors at home may not follow cost increases by price increases.¹ In addition, competition from foreign manufactures is growing rapidly in the British home market (e.g. shoes.

¹ Motors in the 1956 and 1960-61 recessions show the contrast. In 1956 manufacturers put up their prices to compensate for higher unit costs; in 1960 B.M.C. flew a kite (suggesting price increases) but evoked no response from the rest of the industry.

clothing; total imports of finished manufactures, which had nearly trebled as compared with the mid-1950's, were £542 million in 1960).

In foreign markets, since 1958, there has been no scope for price increases in most industries, or if they have been attempted they have involved the contraction of exports. Even with the index of British export prices stable since 1957, manufacturing exports from Britain have stagnated (from 1957 to 1960 they rose 5 per cent., compared with a 25 per cent. rise in manufacturing exports for the rest of the world). Costs in British manufacturing were also relatively stable until early 1960, but then increased sharply. Wage and salary costs per unit of output rose 6.8 per cent. between the first quarter of 1960 and the first quarter of 1961.

Profit Squeeze

Thus, marked export expansion would seem to require lower export prices, but costs have risen. Firms are likely to be reluctant to commit more production to export in conditions in which they can do so only at the expense of heavily reduced margins. This accentuates the struggle for the home market. In all these ways market conditions are forcing a squeeze on profit margins, a squeeze which further wage advances would tighten. The dilemma is the greater because the resultant uncertainties and below-capacity operation contribute further to increases in unit costs. As the investment boom fades this position becomes more widespread.

Some firms (as well as many speculators) may have expected devaluation to be used to resolve the dilemma (partly at the expense of real wages, but more at the expense of foreign manufacturers). But such a step, inevitable as it may seem, would be seen as a final exposure of the government's economic failure in the last decade. The government prefers to forego growth, even in a period of expansion in the U.S.A., and to offer industrialists a frontal assault on wages as some compensation for the pressures they are under.

The conservative reader may feel that what we have said about the position of British industry both explains and *justifies* the Chancellor's attempt to reduce real wages and salaries by an imposed wages stop. There are a number of things that need to be weighed before reaching such a conclusion. Not least of these is the extent to which the critical position of British industry stems from governmental mishandling of the economy in recent years (we attempt a systematic account of this in the next section). Moreover, far from taking any of the steps that would make a slower increase in money wages and salaries acceptable, the government has directly *added* to the rise in retail prices while, through other tax changes and through its interest rate policy, sharply increasing the available income of the wealthy. It is by no means clear that the government can maintain a wage stop for long; for instance, a combination of dwindling coal stocks and shortage of railway waggons to move coal could, early in 1962, cast a government opposing the claims of railwaymen and miners in the role of

Canute.¹ But even if it could be maintained, to dam up pressure for wage and salary increases in a manifestly unacceptable and inequitable way, is to lead the economy at a later date to the jolt of a sharp and general rise in wages and salaries too big to be offset by productivity improvements.

These factors are enough to eliminate the wage stop as a justifiable—or useful—technique. But they are not all. For the government which is allegedly so concerned about the effects of wages and salaries on industrial costs has in many of its other measures this year itself added to *industrial costs*. The fiscal measures resorted to both in April and July pushed up industrial costs, e.g. increased transport costs from higher petrol tax and higher licence duties and the tax on fuel oil. On past experience the increased profits tax is also viewed as a cost increase by business (unless compensated for, residual profit is reduced). The regime of high interest rates again increases industrial costs. Moreover, there has been in the last year an attempt—long overdue, let it be said—to enable nationalised industries to build surpluses to assist in financing their capital investment. This follows a decade of deficit financing imposed by the government.² The consumer must now pay in higher prices for nationalised industry products and services the real penalty of artificially low prices in the last decade; for these industries must advance their prices to cover higher capital charges on their swollen debt burden, and then advance them again to reach the point where genuine surpluses result. With its left hand the Treasury has been pushing up the whole structure of industrial costs, while with its right it imposes a wage stop on the grounds that cost increases damage the economy.

This is still not all that has to be said on 'the pause.' The pay pause is accompanied by measures that involve a pause in economic growth. British experience is that the deflationary measures being used directly contribute to raising labour costs (per unit of output), by slowing up or halting productivity improvements. It is worse than useless to slow up the rise in wages by a combination of measures that slow up the rise in productivity even more. This is exactly what happened in the last batch of deflationary years, 1956 to 1958; the government succeeded in slowing up the rate of growth of wages and salaries—but it checked productivity still more. In consequence it "succeeded" in those years—1956 to 1958—in pushing up wage and salary costs per unit of output by 16 per cent. Another such ruinous "success" from deflation and a 'tough' wages policy is to be expected. For as the Table below shows, wage and salary costs rose faster when output stagnated than when it rose sharply. To understand the present dilemmas, and the falseness of the "wages pause" as a solution to them, it is necessary to unravel more fully the pattern of economic and income growth in Britain in recent years.

¹ After the electricity settlement, the beach-head is shrinking.

² It is interesting to remember that in 1956, facing dilemmas similar to 1960-61, the Government adopted a policy on nationalised industry prices that was the exact opposite of the present trend. In 1956 nationalised industry prices were held down even though this involved these industries in bigger deficits; we must now pay *inter alia* for this mock price stabilisation of 1956.

EMPLOYMENT INCOME, OUTPUT, EMPLOYMENT INCOME
PER UNIT OF OUTPUT.

Percentage change over previous year for:

Year	Employment Income	Output	Employment In- come per Unit of Output
1950	+5.3	+3.9	+1.2
1951	+11.3	+2.1	+9.1
1952	+7.5	+0.9	+8.5
1953	+5.6	+4.0	+1.6
1954	+6.7	+4.4	+2.2
1955	+9.3	+3.6	+5.5
1956	+9.1	+0.8	+8.2
1957	+5.7	+1.8	+3.8
1958	+3.8	+0.1	+3.7
1959	+4.4	+5.1	-0.6
1960	+7.9	+5.2	+2.5
1st Qr. 1960 to 1st Qr. 1961	+8.2	+1.4	+6.8

Note—Figures for Output are for Gross Domestic Product at Factor Cost. The series of figures for 'employment income per unit of output' is, of course, derived from the 'employment income' and 'output' series.

Sources—N.I.E.S.R. *Economic Review*. *National Income Blue Book*.

2. How Has it Happened ?

IN seeking the origins of the present economic and wage crisis, we have to examine the consequences of two inter-connected cycles of activity operating in the 1950s. The familiar trade cycle re-emerges along with the Tory failure to handle cyclical fluctuation either in investment or in consumer durables. But in addition there is a cycle of crude manipulation of the economy for political ends which could be termed the Tory electoral cycle. The result combines in a vicious way, pursuit of the short-term vested interests of industrial capital, and the even shorter-term political vested interest of the Tory party.

The Table of Output and Employment helps to indicate the timing of the cycle of activity and one aspect at least of its income consequences. Significant growth in output is evident only in 1953-55 and 1959-60. The upswing in activity is followed, with a time-lag of roughly a year, by the trend in employment income.¹ In consequence, not only when the economy is operating at full capacity (1951, 1955, 1960) do wage and salary costs show a significant rise, but this rise in costs is even more marked in the downswing or stagnation years that follow. *During the 1950s the rise in*

¹ This is readily seen if the annual changes are graphed. Graphing the cycles of annual changes of employment income shows some tendency for smaller annual increments in the later 1950's. This is connected with the upward pressure on prices due to rapid import price increases in the early 1950's and the contrasting effect of lower import prices in the late 1950's.

labour costs has only exceeded 2 per cent p.a. at the peake of the boom and in the subsequent periods of deflation. Clearly, the stop-start way the economy is run, and the loss of control of the economy as it approaches the point of full capacity operation, are crucial factors in the disproportionate rise in costs in the British economy.

The Upswing

The processes at work can be appreciated more readily if the cycle is divided up. In the upswing (1953-54; 1959) production can rise rapidly because there is both unused capacity and under-employed as well as un-employed labour. The unit costs of firms tend to fall as output is brought nearer normal capacity (as economic text-books remind us, short run cost curves are U-shaped, and this is the downward leg of the curve). The experience of the British economy is that at this point, when prices might actually be reduced without inroads into profit margins, firms increase their profits per unit of output; even so prices are held fairly stable. Wage costs in industry are stable or falling; productivity rises rapidly, but there is a time-lag before considerable wage *rate* increases are negotiated. Money earnings increase, and with prices fairly stable so do real earnings. A sense of economic euphoria is abroad. However, this stage in the cycle contains the seeds of its own destruction.

The next phase unfolds very swiftly. The rate of output increase slows up as limits on capacity appear, but demand accelerates. The reason for the acceleration in demand is two-fold; the rising real incomes of the earlier period encourage increased credit-financed purchases of consumer durables; the mopping up of industrial surplus capacity leads to a major burst of investment decisions. A demand gap becomes evident via a sharp deterioration in the balance of payments (exports flag as delivery dates lengthen; imports increase disproportionately fast to make up for shortages—e.g. of steel—at home). Firms can advance prices without meeting resistance from consumers. They may do so for a number of reasons; they may desire to self-finance part of their increased investment in equipment (and stocks); they may fear or be faced with rising costs of inputs (whether imports, purchases from other firms, or labour).

Not only demand but also wage claims and the level of settlements accelerate at this point. This is not only a question of labour's strong bargaining position; wage demands feed too on the disproportionate rise in profits in the earlier period which is now apparent from company accounts; if prices are rising, the pressure for improvement in the real wage standard pushes up claims and settlements the more. Moreover, the wage improvements of the upswing period were unevenly distributed (they accrued particularly in industries operating payment by result systems) so that unfavourable earnings comparisons (and the resultant labour transfers, e.g. of men from buses, agriculture, distribution, etc.) lead to higher wage rate settlements in an attempt to level up. These settlements then form a pattern others follow; the anomalies and inequalities persist.

¹ See our 'Socialist Wages Plan', a New Left pamphlet published in 1959, where we demonstrate this in detail.

The Boom Breaks

Thus, without effective controls in the upswing and beyond, particularly over the further growth of investment and consumer durable demand, both 'demand-pull' and 'cost-push' inflation emerge and reinforce each other.¹ The economy, violently overstrained, has to be curbed, unless the boom breaks of itself (for example, if exports fall due to a contraction in the U.S.A. or, as in 1960, if consumer durable demand falls following a credit based boom). Needless to say, the government handles this in the crudest, most wasteful and erratic manner. The general pattern beyond the peak is that consumer durables contract sharply, while investment projects, which take longer to complete, continue to lead to rising output from capital goods and construction industries, and only contract later. Contraction of consumer durables leads, as a result of the costs structures of firms in these industries, to sharply rising unit costs. These are reinforced by a sharp increase in wages and salaries. The price increases of the earlier period of full capacity add to the pressure of wage demands. Wage and salary settlements continue at a high level; profits declared are high and rising further in capital goods industries and many consumer goods industries; salaries rise disproportionately fast as scales are adjusted to match the earlier pace of wage increases. In 1956-57 the total salary bill rose 19 per cent. compared to a 13 per cent. rise in the wage bill.² We are at the same stage now, which is why the government's attempt at dictating a wages stop first of all makes havoc of public sector salary settlements) The end product of these rising costs and prices is speculation against sterling.

If tougher deflationary policies are adopted, the problem persists. Productivity stagnates or rises so slowly that it fails to offset price rises due to earlier wage and salary settlements. This is the more likely as below capacity working at this stage spreads to more industries, including those making investment goods. We have earlier suggested that in 1960-62 the whole of the preceding phase and this phase as well is likely to be characterised by more limited price rises than in earlier cycles and correspondingly more pressure on profit margins. In 1958 price stability only arrived via a 10 per cent fall in import prices. The recommencement of industrial expansion from this point offers the only prospect of a period of stable prices. And with the upswing may re-appear too that temporary sense of economic well-being, so important for the Tory electoral cycle.

¹ 'Demand-pull' means current demand is greater than supply at current prices (a demand gap) either in a particular sector or in the economy as a whole. This 'pull' from demand not only stimulates price increases, it also pulls in additional imports and, via longer delivery dates, checks exports. 'Cost-push' means rises in prices by business to compensate for increases in unit costs of production (and, in the labour market, 'defensive' increases in wage rates to compensate for higher costs of living).

² The comparison is between 1957 levels and those of 1955. Taking the whole of that period of deflation, by 1958 the salary bill was 25 per cent. up on 1955, compared with a 15 per cent. increase for wages.

Before moving on to the latter phenomenon, we should spell out some of the central points emerging so far. The problem of handling prices, inflation, and rising labour costs clearly centres on two periods. Firstly, the income distribution in the upswing, with disproportionate increases in property incomes¹ and uneven distribution of improved earnings, leads to 'redistributive' claims and accelerates the subsequent pace of money wage and salary increases. In addition the inadequate control of demand in the upswing, especially of the investment cycle, both contributes to inflation and leads directly to overstrain and balance of payments problems. Thus the handling of the upswing is crucial. Secondly, the downswing—and its prolongation by deflationary policies—is a period of rising labour costs; for wage and salary increases are deflated only slowly, but serious below-capacity working deflates the rise in productivity far more. Not merely is economic growth foregone, but no easing of our comparative cost position emerges as recompense; with a renewal of growth the foreign payments crisis soon reappears.

The Electoral Cycle

The Tory electoral cycle adds to these problems. The Conservatives came into power after an election fought at a time when all the problems of full capacity and overstrain were visible, and were reinforced by the violent import price increases following the Korean war. They have been careful to stage *their* elections late in the upswing of the cycle, when the sense of euphoria was at its height, but before the contradictions in the economy became too apparent. The election must not be too early in the upswing or the recollection of painful earlier years may predominate (e.g. industrial output overall stagnated from the time of the 1955 election until the fourth quarter of 1958). It is seen as politically undesirable to check the pace of expansion or to obtrude controls. In 1955 the investment boom was over-straining the economy, yet direct tax inducements to encourage investment were continued. In 1958-59 complete 'credit freedom' created a violent once-for-all fillip to demand (this necessarily created a later sharp downswing once people stopped adding to their indebtedness); this had 'multiplier' effects on demand for other products, and 'accelerator' effects on investment decisions. Both in 1955 and 1959 the pace was quickened by 'give-away' budgets designed to have broad appeal. Unwelcome price increases were postponed until after the election; in 1955 a Coal Board proposal for an 11 per cent. increase in coal prices from March, 1955, was held over until after the election, and in con-

¹ From the First Quarter of 1959 to the First Quarter of 1960 property incomes—profits and rentier incomes—as a whole rose 16 per cent. But the increase was concentrated in certain industries. We heard much in this period of the rising incomes of motor car workers; from October, 1958, to October, 1959, they rose 8 per cent. (per hour by 5 per cent.); trading profits in vehicles (22 companies) rose 45 per cent. in 1959, and ordinary dividend distribution increased by 122 per cent. in that single year!

sequence the increase had then to be one of 18 per cent. More recently, it is after—not before—the general election that the government decides that nationalised industries should finance more of their investment from current revenue.

The government, then, at the crucial stage in each cycle, has with extreme political cynicism and economic irresponsibility arranged the economic scene in its own electoral interests. The results have been devastating for the economy. The acceleration of demand as the economy approached full capacity, the lack of control over the 'bunching' of investment programmes, have generated violent inflationary pressures, precipitated major balance of payments crises, and created a climate in which employment incomes accelerated too, in money terms. The aftermath has been prolonged post-election hangovers, both in 1955 to 1958, and in 1960 —? The immediate aftermath has been one of 'corrective' budgets, and a heavy deflation of the consumer durable industries (government induced where necessary). Subsequently—and ironically enough just when the government had reached the stage in its electoral cycle of fiscal 'rewards for friends'—as international confidence ebbed in face of this havoc (and the continued cost-push which we have already explained), the government has had to come forward with crisis measures and a further bout of deflation. Later, it hopes, the stage will be set (considerable reserves of capacity, a temporary easing of the balance of payments) for another wild canter up to the electoral winning post. Much depends upon the performance meanwhile of the other runner.

3. Economic Change and Union Organisation

BBRITISH trade unions today, and their future prospects, are affected by wider economic influences than the lurching of our stop-start economy which dominates the short-run. The longer term shifts in industrial structure are extremely important for the unions. Their effects are seen, not only in the shrinking base on which some unions organise, but in unresolved organisational and structural problems.

At various stages in their history the British trade unions have broken out of organisational forms and methods of work that hampered their development, and created a new basis for extending and making more effective organised trade unionism. The need to do this once more is urgent today.

Criticism of the sectionalism and over-lapping of British trade unionism in action is familiar enough. But it is not always realised how serious the incoherence of union organisation is, particularly in the major developing industries, the new 'commanding heights'. A review of the position may help.

Membership

Overall membership stagnated during the 1950's despite a rise in the number of employees. The figures of trade union membership (9.6 million in 1959) overstate the position, as they do not allow for employees belonging to more than one union; in addition, 127,000 of the total are outside the U.K. In 1951, 55½ per cent. of male employees were (on this overstated basis) organised; by 1959 the percentage had fallen to 53 per cent. In 1951 24½ per cent. of women employees were organised; by 1959 it was down to 23 per cent. Before looking at shifts between industries for some explanation, two important factors should be mentioned. The proportion of women in the labour force (and more recently of juveniles) has grown, but the unions have shown insufficient attention to their special problems as workers. Secondly, there has been a marked shift in employment from north and north-west to midlands and south; this often involves a shift from unionised to less well-organised areas.

From the middle 1950's to the end of the decade, the number of employees in coal, railways, agriculture and textiles all declined 10 per cent. or more. Coal and railways are of course bastions of fully organised unionism. Their contraction, in terms of numbers employed, will continue as these industries adopt more capital-intensive methods and contract their operations further. In agriculture, much less organised, the union has held its membership fairly stable in face of a rapid fall in employment (a considerable achievement), but in textiles the fall in union membership appears proportionately at least as great as the fall in employment. Overall, since the middle fifties, a decline of half a million in employment in these contracting industries has reduced union membership by some 200,000. On the other hand, if we compare these with industries showing a rapid increase in manpower in this period, we find little extension of trade unionism there. Employment in distribution alone increased by nearly 500,000 in these years, but union membership stagnated and has only recently begun to rise slightly; employment in construction rose nearly 100,000, but union membership actually fell.¹ Building unionism has been affected by the north to south shift (since it is most strongly organised in stagnating Lancashire and Scotland), and by the shift from council house building to private house building. But inter-union rivalry has not helped. In distribution, U.S.D.A.W. only recently managed to expand outside its old base in the Co-operatives. Growth here is taking place in the multiples (organisational weaknesses check Co-operative expansion) though unionism is still weak.

Thus there is no automatic increase in union membership arising from expanding employment. Expansion of membership has to be worked for, and cannot be achieved without a shift in union organisation and strategy. So far little has been achieved.

¹ Printing workers did better as employment expanded there; so too did unionism elsewhere in transport, but detailed analysis is not possible.

Unions in New Industries

In the industries mentioned so far, unionism has a fairly coherent and specific industrial base. A union concentrating mainly on a specific industry, or related set of industries, can develop policies concerning its own industrial territory. But with the more recently developing industries, unionisation has come from many directions, as the new territory is colonised by a variety of (often rival) existing trade unions. Organisation achieved is generally craft and occupational among the more skilled workers, and that of general unionism (the two general unions and the A.E.U.) among the less skilled. There has been very limited development of specifically industry-based unionism, and what there has been operates in an atmosphere of inter-union rivalry. Even where union membership grows it is often most incoherently organised.

Thus in such key industries as chemicals, oil, motors, there is all too little attention of any sort, let alone co-ordinated attention, given to problems specific to these industries (and to their place in the economy). The consequence could be seen only too clearly in the recent motor recession. No union had felt sufficiently involved to develop adequate study of, and policies on, the industry's development; no consistent policies on wage and security objectives were developed right through the 1950's; rivalry in recruitment had been more in evidence than co-operation, and not even the skeleton of a federal structure specifically connected with this industry existed; nobody had worked out beforehand the best way of arranging short-time working so as to maximise the entitlement to unemployment benefit. It was a dereliction of leadership.

The attitude to shop-steward activities on the part of some trade unions and their leaders is a brake upon the development of industry-wide policies. It is unfortunate that the T.U.C. General Council should have adopted such a critical and negative approach to joint committees of shop-stewards.¹ However annoying such activities may be to those who man existing trade union structures, and however open to manipulation by what the T.U.C. calls 'disruptive political bodies', the attempts at joint action by shop stewards are eloquent and practical criticism of present inter-union disunity and structural gaps. The cautious phrasing of the General Council's Report to the 1960 T.U.C. does not conceal the underlying incoherence of union structures and absence of effective 'closer unity' between unions.² To argue that, 'whatever the motive of those primarily responsible' for joint committees of stewards from factories under the same ownership or throughout an industry, these are 'often a challenge to established union arrangements' leads one to ask how adequate and effective such 'established arrangements' are. Yet, properly presented, a policy for wage co-ordination and advance, and for closer unity of unions at industry level, would get its strongest support from a majority of stewards.

¹ See 1960 T.U.C. Report, p. 129.

² See, *ibid.*, particularly the closing sentences of Section 63.

Particularly so if, as we go on to suggest, this were coupled with proposals for extending the work-place influence of the unions and the workshop rights of the worker. T.U.C. and union initiative to cut through the chaotic and competitive structure within which stewards have to do their work is something that should not only win the support of stewards; it is something they should demand. Indeed, in large part the conflict between shop stewards' organisations and the leadership of the trades unions would disappear if such a radical reorganisation were achieved.

In other industries, even where there are strong unions largely based on a particular industry, no serious attempt has been made to integrate the plant organisation and the wage and industrial policies of the unions concerned. This is notoriously the case in steel. In all too many industries, multiplicity and rivalry of unions is found from plant level upwards, with incoherence of organisation and a policy vacuum even more evident at the top than on the workshop floor. Little wonder that it is the firm that appears to take the initiative in developing wage and salary policies rather than organised trade unionism. And this situation is most serious where modern industrial capitalism is most powerful.

4. The Labour movement reacts

BOTH the trade unions and the Labour Party have had to function within the economic and political orbit of the inflation and balance-of-payments 'stop-start' economic cycle and the four-year general election cycle. These two cycles have been geared to each other to ensure Tory victories at the polls; and there has been a long-run downward trend in Labour's self-confidence as the peaks of optimism of about eighteen months or a year before elections slumped under the impact of capitalism's little leaps forward.

It is too easy and perhaps, nowadays, too popular a job to demonstrate the failure of the unions and the Labour Party faced by these difficult circumstances. These short cycles are imposed upon long run changes (for example, in the level of employment, the composition of the labour force and the rate of technical innovation) which anyway face the labour movement with the need for new ideas, new models and new policies.

The most general trade union reaction to these fairly rapid changes in the industrial climate has been sensible but limited. When caught on one foot with a substantial claim pending which was conceived during the period of expansion and which now has to be negotiated during the squeeze, the unions have made exasperated and sometimes militant noises, but have acquiesced in the dragging out of negotiations, or have settled for lower than usual proportions of the amounts claimed. When the good times come, all seems forgotten if not forgiven, substantial claims are pressed and won, with no thought of a longer term reaction which could secure a more rapid and balanced growth of real income for their members. Many of the criticisms made admittedly avoid altogether the real difficulties and

risks which alternative policies involve. It is possible that attempts to develop a more co-ordinated wages policy would only result in holding back from immediate wage struggles those sections of the workers best able to conduct such struggles successfully. In fact some of the critics and some of the sponsors of 'wages policy' might not regard this as a bad thing. Most of the critics do not, in fact, share the objectives of the Labour movement; and this makes the task of critics who do want to see Labour interests advanced a difficult one.

There have been questioning and constructive voices raised within the unions in recent years, from both the right and the left wings. Mr. Jack Cooper of the N.U.G.M.W. in his presidential address to the 1961 conference of that union, made his criticisms explicitly and pointedly:—

'If we look at trade union wages policy, what do we find? Nowhere is there anything more constructive than a rejection of any form of wage restraint. Within this generally negative framework, each individual union has an express or implied intention to get as much as it can for its members. That this is consistent with the individual union's short-term aim of protecting and improving its members' wages and conditions is beyond dispute. But what can be questioned—and what I question very strongly here and now—is whether it is consistent with the long-term objective of achieving *greater equality and social justice*. At the present time, each union acts in what it imagines to be its own best interest, with little, if any, concern for the interests of other unions or of the trade union movement as a whole.'

At the 1959 Trades Union Congress, a resolution from the Shopworkers was adopted calling for 'continual examination and report' by the General Council of how to achieve 'greater co-ordination of the industrial policies of the trade unions'. Now the 1961 wage-stop has arrived—only 'out of the blue' in a strictly political sense!—and it is clear that the General Council has no proposals to encourage such co-operation and consultation.

Perhaps the sharpest criticism of contemporary trade union attitudes from within the movement has come from Mr. Harry Weaver in his 1961 presidential address to the Building Trade Workers. Mr. Weaver said that the trade union movement is a 'veritable jungle' and is becoming 'its own worst enemy'.

'Competition between unions for negotiating rights and membership gives rise to petty jealousies, rivalries, demarcation disputes, and poaching—disputes of such viciousness that struggles with the employers appear tame by comparison. The multiplicity of unions demanding negotiating rights in the same industries makes it well nigh impossible to develop and co-ordinate long-term policy for improved wage standards and working conditions, and for dealing with the problems of new techniques and redundancy.'

Mr. Weaver called for greater authority for the T.U.C. which should have powers to bring about a rationalisation of trade union structure and administration. He also commented:—

'The weakness of the Labour Party can be seen simply as a reflection of the weakness within the trade union movement itself.'

Principles

The trade union leaders quoted make the major criticisms that reasonably can be made; and they go some way towards outlining a workable alternative approach to these problems. But any wages policy requires principles as well as administrative machinery for its operation. The principles of 'greater equality and social justice' were suggested by Mr. Jack Cooper of the N.U.G.M.W. At a conference of the Confederation of Shipbuilding and Engineering Unions Mr. Kealey of the Transport and General Workers' Union was more specific. He called for a concentrated attack on the low wages of the minority instead of the usual demand for a substantial increase for all workers. Mr. Kealey's moral position was strengthened by his claim that the better paid members of his own union were prepared to make a sacrifice on behalf of those on the basic unskilled rate. It is clear, however, that these spokesmen for the General unions are reflecting their own members' interests, and that until these principles and proposals are given the support of powerful unions who are not mainly concerned with the interests of unskilled and semi-skilled workers the position will remain as Mr. Carron of the Engineers outlined it: one day the movement will have to return to the principles which guided its founders, but meanwhile the interests of the higher and of the lower paid must get equal emphasis in wage negotiations.

The major obstacle meanwhile to wider and more practical support for a trade union based wages policy is that it would have to be evolved in an environment both industrially (through monopolistic practices and administered prices) and politically (through fiscal policy) favourable to high profit incomes. In this environment the contemptuous rejection of appeals for wage restraint is merely a way of re-affirming trade union aims. The feeling that it will be time enough to worry about the lesser inequalities within the working class once the massive differences have been ironed out between workers' standards and those of industrial top and middle brass and of substantial shareholders cannot just be dismissed as dodging the issue. The issue of wage structure and wage levels cannot be disentangled from that of income distribution.

Income Distribution

Trade union leaders are mostly aware that the broad mosaic of income distribution is made up of many pieces which are positioned without help from conventional collective bargaining. The unions are on firm ground when they argue that they cannot be expected to pay much regard to the relationship between production and wages until the broad outline of income distribution is satisfactory to them. The trouble is, however, that this limited reaction leaves them marking time on this firm but unfruitful piece of ground. And the attitude of both unions and Labour Party to wages policy, were a Labour Government responsible for economic policy, is particularly unsatisfactory. Put very starkly, the unions need a government which will substitute balanced and rapid economic growth for the Tory stop-start cycle which keeps the average growth in labour income at

at least one per cent. per annum below its potential. For its part the Labour Party needs to be able to convince more of the electorate that it could sustain this more rapid rate of growth without at the same time producing trade union behaviour that would contribute towards rising prices and bring on a balance of payments crisis.

It is true that a Labour Government prepared to make cuts in arms spending could free resources for investment, push up output and give itself more elbow room within which to try to solve the distributive problem. But it would be foolish to believe that an increase in the quantity of goods available for the share-out would solve the distributive problem, whether the increase came either in a once-for-all way (as from a reduction in arms spending) or from a higher sustained rate of growth. A plural society built on capitalist foundations has a distributive problem rooted in its own social and ethical contradictions. Simply having more to share out is no solution.

The independent part played by disagreements about income distribution in inducing inflation is now widely accepted.¹ The unions cannot shrug off their part in the process. Yet present attitudes seem to have produced a discussion between the unions and the Labour Party which can be summarised as:

Trade unions to Labour Party: 'If you were in we could begin to consider the problem.'

Labour Party to trade unions: 'If you could begin to consider the problem now, we might get in.'

Among the disabilities which Labour had to face in 1959 were anti-trade union attitudes and prejudices, helped along by press and other propaganda. These difficulties were not at all effectively countered, partly because the dialogue above had reached no conclusion. There was an unfortunate television programme in which it was made obvious to the millions that no basic agreement and common action between the unions and a Labour government on wages, income distribution and price stability had even begun to be worked out. The few who studied the policy statements found the same sad signs there; the optimism of *Plan for Progress* could not gloss over the policy flaw. All that was there was the hope that a more equitable fiscal and social services policy would induce the unions to exercise restraint. There were no details of what egalitarian redistribution of income could be expected as the price, or reward, of union restraint, no details of what expansion in working-class consumption could be expected. Nor was there any discussion of how far the struggle to redistribute income by means of collective bargaining could be allowed to go within the more equitable social framework which Labour intended to create. No wonder that the suspicions, doubts and vaguely anti-union sentiments were left untouched by the campaign.

¹We refer readers to Chapter 2 of *A Socialist Wages Plan*; and for a more detailed exposition, though lacking an explicit treatment of the share-out problem, to *The Problem of Rising Prices*, O.E.E.C., 1961, especially Chapter 5.

The gaps and pregnant silences of *Signposts for the Sixties* make it clear that these difficulties remain unresolved. A belief that 'the British people would be ready to show this kind of self-discipline' is at too general a level to inspire confidence. Trade unions are the institutional expression of the economic interests of the British people most in mind, yet in *Signposts* the existence of trade unions is barely mentioned. There is something ironic in the fact that recently the economic committee of the T.U.C. met the Chancellor of the Exchequer to discuss the possibility of the long-term planning of the country's economy, and the place of trade unions within such a plan. When will the National Executive Committee of the Labour Party issue such an invitation? And what would the attitude of the General Council of the T.U.C. be to it?

Autonomy

Individual unions have constricted their policy thinking within bounds set by their own narrow institutional interests. The fear of a loss of autonomy has kept the main emphasis of union policy on a level below that at which effective social power is exercised. And how real is this autonomy? Practical experience, wage round by wage round, refutes the folk-lore (or, more appropriately, leadership-lore) that trade union autonomy in collective bargaining is a priceless asset allowing individual unions to advance their members' special interests. In fact not only has the share of income going to labour been remarkably stable over the last ten years, but the whole pattern of differentials between industries, regions and types of labour has also been fairly rigid. The trade union leaders who insist upon autonomy most energetically in the council chamber of the trade union movement go into the negotiating chamber with long lists of wage advances won by *other* unions as their most effective argument!

If the unions have been hamstrung by their organisational and ideological ties with the past, the Labour Party has been unnerved by fear of antagonising both the unions and the uncommitted electorate, and cramped by its own unpreparedness to produce a policy which faces the problem of income distribution around which cost-push and demand-pull price spirals revolve. Labour's emphasis is now upon a crash investment programme and the relief which increased productivity could bring to the distributive problem, coupled with a dangerous anti-consumption attitude. The reference to self-discipline in *Signposts* is spelt out in Harold Wilson's 'Four Year Plan' (*New Statesman*, 24th March, 1961), which depends upon a strategy of taxation which leaves the consumer as residuary legatee. We believe that this approach may erode the foundations upon which any workable agreement between the unions and a Labour government could be reached.

Cry Militancy?

With no perspective for the long period, with prices rising and faced by a government-led offensive against wage increases, it is natural that militant attitudes amongst employees should multiply.

We do not criticise militancy because it might antagonise 'public

opinion' and frighten the 'floating voter'. A timid and negative fear of public opinion weakens rather than strengthens the unions. Our concern is more with the policies the unions must have to muster support than with what acts they must avoid lest, with the inevitable help of the press, they frighten the status-ridden amongst the middle class.

But militancy without strategy and without perspective is wasteful of precious energies and sometimes destructive of fighting spirit. The militancy on offer is criticised because it is unco-ordinated, undirected and indiscriminating. What there is of it is not welded into any plan, it is not part of any central strategy, there is no central control and there are no main targets. Most of the militancy we have is a courageous but primitive response to threatening situations, which it has no hope of mastering.

We want here to explain why we consider that such money-wage militancy is not by itself enough, is not an *adequate* or a *socialist* wages policy, and why therefore we advocate a co-ordinated wages plan.

Real Wages

Our main argument is, of course, that money wage fixing in a monopolistic 'mixed economy' is generally not a process which is capable of determining *real* wages, and only rarely re-distributive in its results. Consequently, the unions have to learn to extend their action to influencing and controlling 'decision taking' within the system so as to determine not just money wages but also the real purchasing power of the wage packet. But there are more specific points that must be made:—

Firstly, over a third of trade unionists are in state sector employment. Here the militant cannot argue 'inroads into profits' as the alleged outcome of the bargaining process. The economic well being of the workers in nationalised industry depends on an end to the present exploitation of the nationalised industries—and that is a political question.

Secondly, money wage militancy is not going to remove inequity as between workers in one industry or occupation and another. Rather, better organised workers' gains will be won in part at least at the expense of the less well organised, unable so effectively to defend themselves against inflation, unable to advance their earnings as rapidly. The danger is not only that the more exploited, less well organised, workers will fall behind, but also that they may become alienated from the organised labour movement that both needs them and can help them. The trade unions 'must look carefully after the interests of the worst paid trades. . . They must convince the world at large that their efforts, far from being narrow and selfish, aim at the emancipation of the down-trodden millions'.¹

But it would be wrong to expect a strategy, the best possible timing of each action, and expert staff leadership with knowledge of the total

¹ Marx, Resolution of Geneva Congress of International Working Men's Association.

situation, from people in the thick of the day-to-day fight. Although militancy is open to these very serious criticisms as a response it is preferable to acquiescence, and lack of fight. Our criticism is that where the will to fight exists a different use of it could achieve more than it usually does; and even more important, there would be a greater enthusiasm for union activities aimed at improving wages and conditions if these were part of a strategy holding out more prospects of lasting success than have resulted from most militant actions in recent years.

The sections which follow suggest how we believe this might be done.

PART 2. NEW UNIONISM FOR THE 1960s

I. Whose Wages Policy?

WITH a Conservative Government in office, the extent to which an incomes policy acceptable to trade unionists is achieved must turn primarily on the power, intelligent initiative, and persuasiveness of the trade unions themselves. In writing about a wage policy for *now*, we do not assume that the basis exists, or can be created, for a broad measure of agreement on incomes policy between the trade unions and *this* government. But that does not make the development and exposition of policies on incomes by the trade unions irrelevant or unnecessary. Rather, the development of more systematic and co-ordinated wage and incomes policies on the part of the unions should be seen as a *challenge* to Conservative incomes policies.

One might put it this way; trade union policies and initiatives must provide as good a substitute as possible for a Labour Chancellor of the Exchequer. In the social priorities they stress, in the demands they pose, they should advance realistic income and security objectives of broad popular appeal. The ability of the trade union movement to advance its aims—not only the aim of a larger share of total output, but also more security for working people, and a bigger say in the running of industry—depends on the development of policies and methods of work which create and extend solidarity and collective action. For this reason we are concerned in the sections that follow not only with the types of wage and income policies we think should be developed, but with the whole organisational framework of trade union economic and political action.

In many ways, we believe that the proposals that we go on to make would create the environment for the return of Labour to power, and would also prepare the way for a wide measure of co-ordination and mutual understanding between the trade unions and a future Labour government. Scepticism about the scope for planned income policies under a future Labour government is connected both with the difficulty of envisaging sectionally-minded unions working together within a framework of agreed objectives, and with doubt as to whether the Labour policy makers will succeed in facing the problem of who gets what and in giving an answer favourable to working-class living standards. The more co-ordinated trade union strategy, and the kind of income objectives, we wish to see developing out of the present situation provide a bridge to this future planning for 'fair shares'.

In what follows, we are not laying down a blueprint only capable of being operated if all unions agree. We are advocating the *direction* in which as socialists we consider union policy and organisation should go, but we do not assume that some miraculous process of instantaneous conversion will occur. In so far as these developments do take place, they will spring from initiative—and indeed struggle—within the unions, from recognition of the inadequacy so far of union reactions to the complex and critical environment they now work in. British trade unions

have gone through major changes in structure, methods, and objectives, in the past—and usually in an atmosphere of conflict with those still complacent about union achievements and rooted in 'well-tried' methods. Once again, changes are needed radical enough to be called a 'New Unionism' if the trade unions are to develop their industrial strength and achieve their political objectives.

2. The Immediate Challenge

The present moment is a difficult one for the trade unions; it is also a very important one. Not only have they to consolidate the wages and conditions they have achieved, in face of the Chancellor's attempt to reduce wages all round. But they must appreciate the politics of the situation. Can the trade unions *extend* the widespread sympathy for the claims of certain sections instead of allowing themselves to be manoeuvred into isolation, and then picked off sectionally? There is immense political importance in the fact that the Chancellor has intervened at a stage in wage and salary claims when large numbers of those directly affected are either not politically part of the organised labour movement (civil servants, teachers) or are least attached and consolidated organisationally (Wages Council industries). Can new allies and an extension of political support be won out of this by the organised labour movement?

Of key importance now is *initiative* and *collective* trade union response—with solidarity stressed—all the way from the T.U.C. down to the activists in each locality and plant. The T.U.C. needs to take the initiative in endorsing and publicising with every means at its command some of the wage claims that will have the strongest appeal to the public's sense of fairness (and in that 'public' is the rest of the army of wage and salary earners). A systematic explanation of these key claims and of the principles at stake needs to be organised throughout the movement, in the press (not only the *Herald*, but in full-page advertisement across the whole range), on radio and TV. (the idea that these channels are closed to serious statements of the trade union position is an over-simplification anyway, but so far as it is true it must be challenged). Locally, the Trades Councils have an important part to play in developing such a campaign.

Such T.U.C. initiative is vital; though ad hoc inter-union initiative (e.g. joint conferences, and the throwing open of union journals to explanation of *other* unions' cases) is needed as well. Needless to say, some statement of priorities is involved, some process of selection—if only to concentrate on issues where the principles at stake are of general significance. There is a danger that the institutional interests of General Council members might stop them at this point. But there has never been a time in the post-war period when it was more urgent to overcome a narrow sectionalism of approach. The T.U.C. may be inhibited for other reasons; fear that the organisation of collective action may lead them towards a massive confrontation with the State may explain the uneasy silence that prevails. But the answer required to the Chancellor's imposition of a wages stop.

on the basis of flagrant injustice to so many sections, is a clear statement of the principles involved in current claims, and the development and expression of priorities in a direct appeal to public opinion. In point of fact, almost any selection would be better than none at all. But to illustrate, we outline a few priorities.

The Wages Council Trades

It would be very easy indeed for the trade unions to expose effectively before the public the abysmal level of wages and conditions in many of these industries; not least, the exploitation on the basis of low wages of the labour of women and young workers. Perhaps this can best be illustrated by saying that the demand for a £10 minimum basic weekly wage rate for men is only now being put forward by unions involved (such as U.S.D.A.W. and the N.U.G.M.W.). And this is little more so far than a slogan to back union recruitment, and, when inserted in a wage claim, is rarely seriously pressed. How many readers would like to work in a trade where a £10 a week basic wage still looks no more than a pious hope, as yet thirty bob or a couple of pounds away? And are *these* the workers who must stand cuts in their present miserable living standards in the name of the needs of the economy? An organised campaign of publicity and appeal in this field would be extremely valuable industrially, organisationally, and politically. Industrially, because it would help strengthen unionism at its weakest point; organisationally, because joint action here would be a first step from incoherent handling of a multitude of claims to a coherent union policy in the Wages Council trades; politically, because here Tory income policy is exposed at its weakest point. The crisis is not such—apparently—that those sweeping tax reliefs for the surtax class are to be revoked, but it is such that the workers barely above the poverty line are to be pushed further down.

The Railwaymen and Civil Servants

The link between these two groups is simple. Here is a case where the government had earlier accepted as the principle determining wage settlements the establishment and maintenance of 'fair comparisons' with workers doing equivalent work in jobs in other industries. That is, these public servants were not to receive more than was paid elsewhere for comparable work, but they were not to be penalised for being public servants. The principle has been established for some time now in the Civil Service, and the Pay Research Unit has been organised to build up the necessary comparable material for bargaining. On the railways the Guillebaud Report did on an ad hoc basis what the Pay Research Unit has been doing, but acted also in a quasi-arbitrary manner in interpreting the material uncovered. However, eighteen months ago nobody was in any doubt that the principle of fair comparisons was accepted for railwaymen. Well, the comparisons were made in 1959, the increase in railway pay dated from January, 1960, but since then the railwaymen have received no increase. Since 1959 hourly wage rates in 'all industries' have advanced over 10 per cent. The case is clear enough. The linking of the railway-

men's case and that of all civil servants is very important. For attracted as we are to the possibilities of strike action in the Inland Revenue Department, or a refusal by Post Office engineers to service government telephones (to set an example in the public sector, as the Chancellor would say), the threat of an effective railway strike over this key issue of principle seems a more realistic assumption. But if it comes to that point, and we would hope that sense would return to the Treasury (though not of course to *The Economist*) before then, it must be clearly understood that the government is trying to repudiate a principle aiming at fairness in public wage and salary settlements, and that this issue unites all public servants and the whole organised trade union movement.

The Miners

The miners' position is a rather different one. What has happened is that their *weekly earnings* have stagnated since 1957 (in 1960 they were no higher than 1957, in other industries they were on average £2 a week up). That represents a very sharp reduction in the relative wage position. Figures of average earnings conceal the very low pay of men paid 'day wages'; these have been low enough to lead to a mass exodus of young men from the pits (over 100,000 leaving since 1957). The *Ministry of Labour Gazette's* survey (April, 1961) of the dispersion of earnings is very revealing. A quarter of the men on surface work at the pits earned under £10 a week in October, 1960. 35,000 men underground earned less than £11 a week. What has happened is that the end of Saturday working, and reduction in overtime opportunities, have heavily curtailed earnings and exposed the inadequacy of basic rates—a familiar enough situation. In consequence, whereas (in money terms) average weekly earnings in 'all industries' rose 63 per cent. between 1952 and 1960, in mining they rose by only 37 per cent. Since then, there has only been a very small increase awarded to day-wage men in the pits early in 1961. Now, after years of stagnation and decline in real earnings, the miners will be asking for more on behalf of scores of thousands of low paid workers. The miners have had to bear in their earnings, as well as in increased job insecurity, the brunt of the economic crisis in mining since 1957. Is this supposed to continue? The N.C.B. has reached the point where its output plans must be jettisoned, and its costs of operation rise sharply, because the constant exodus of manpower not only steadily reduces output but causes a whole series of operational difficulties. Yet here too the wage stop is applied. The miners have had more than their share of press calumny in the post-war years. They must not be isolated now—the more so since the vital question if this claim is refused will not be to stop the production of coal, but to stop its movement from stock.

The Teachers

We mention the dispute over teachers' pay in this context to contrast what happened—and what might have been. This was a case where a collective bargaining agreement was reached between the two sides in the Burnham Committee, only to have the Government contemptuously set it

aside. The issue of principle here was made even more obvious by the Government threat not only to impose *its* view as to an appropriate award, but to introduce legislation which would *impose* new machinery for salary settlements in future. This was, and is, a denial of effective recognition and bargaining rights to trade unionism in this field (and a curious example to set before the younger generation of the working of 'the democratic process'). We are not concerned here to pass judgment on the way the leadership of the National Union of Teachers met this challenge; their members can decide that. But we are concerned to ask what the rest of the trade union movement was doing during the months when this dispute was continuing. The non-affiliation of the N.U.T. to the T.U.C. is irrelevant in this context. It is the job of the T.U.C. to pursue the collective interests of trade unions, and the defence of such a crucial matter as recognition of bargaining rights is surely not the least of them. On this aspect alone, the teachers' case should have been publicised in detail by every trade union capable of communicating with its own members. For the T.U.C. it was a question not only of such public—and repeated—expressions of support for the teachers in defending bargaining rights, but also initiative in bringing together unions in the public services (nationally and locally), and political initiative in linking this with the other 'economy' measures in education (including the capital cuts). Had the dispute developed in such a context, would the Government have succeeded in threatening the N.U.T. leadership with the further whittling away of bargaining rights? And might not *some* of the teachers, at least, have felt that there was such a thing as a Trade Union movement of which they formed part? The present moment does not *have* to be dominated by sectional struggles fought in a spirit of *saue qui peut*—and sectional surrenders.

Now, when all are threatened and the foundations of recognition, bargaining rights, and previously accepted wage principles, are challenged and eroded, it is a collective and not a sectional response that is needed. Instead of an untidy skirmishing on issues only dimly understood by the public, we need an immediate strategy, and a clear explanation to the public of the principles involved in the major claims that are going forward. This is the reaction that the trade union activist should work for, and the leadership expound. Today, while they are under pressure, the trade unions need to repeat that capacity, not just for survival, but for adaptation and growth that has brought them all the way from the parochial trades clubs and unstable mass unionism of their early days.

3. Towards a Co-Ordinated Wages Policy

General Principles

FOR the Unions to enthuse their own members, make new ones, and win wider support, they must relate their day-to-day bargaining activities to bold longer-run aims and an associated strategy. This should be publicly

propagated as a new Charter for Labour. Before going on to outline in detail the bargaining objective the unions should aim to achieve by the middle 1960's, we set out here two important aspects of our approach to union wages policy.

We think the trade union movement collectively should advance in a clear cut way the objective of a steady rise in the real standard of living of wage and salary earners, of the order of a 15 per cent. to 20 per cent. rise over a four-year period in the purchasing power of hourly earnings, and couple this with improvements in security and working conditions. This objective must be backed by an explanation of the economic policies that would make it realisable. Secondly, alongside this general objective, particular attention should be paid to the needs of those employees who have suffered most as a result of inadequate organisation and bargaining power, and have shared least in the material improvements of recent years. Although the first point may look more controversial than the second, neither are attainable without a major shift in union attitudes to the bargaining process.

It should be increasingly obvious that, faced with Conservative economic and income policies whose end-product is the dictation of lower real wages, the union have not yet replied adequately. The response that is needed is at two levels; at bargaining level the more rational and coherent organisation and justification of claims, and at national level the challenge of an alternative economic policy. And these two levels need to be linked together, especially by far more emphasis on *real wages*—that is, purchasing power throughout.

How possible is this? At bargaining level already, both on the part of union leadership and of 'activists', there is concern over real wage objectives, even while bargaining about money increments; but without the development of bargaining agreements that guarantee real wage improvements, and without any systematic thought about what—at industry level, and for the economy—is determining real wages. Nationally, too, progress towards the approach we suggest is to be found. The Economic Committee of the T.U.C. makes marginal comments on the Chancellor's policies from time to time. But these are not exactly challenging, and not connected with the bargaining process. It has to be realised that it is not much use to raise the question of who gets what at bargaining level, but to relegate the question of distribution to a minor role (e.g. expression of pious—and limited—hopes at Budget time) in expounding an alternative economic and incomes policy for the country as a whole. The activist would respond to a plan and a sense of *direction*, whereas disjointed comments from the Economic Committee pass unnoticed.

The trade unions could be saying to both employers and the government, 'Here are achievable aspirations which have a wide measure of public support. If you say we cannot have them, that will be a confession of your failure to run industries and the economy efficiently. It may suggest too that there are sectors where private ownership is a spent force as far as growth is concerned. We will suggest industrial and taxation policies

which will make our objectives attainable. And you need not be surprised if our political allies in the Labour Party step in and campaign for our kinds of policies on both income growth, redistribution, and the necessary industrial reorganisation'.

Of course, such talk must be backed by a realistic account of the planning techniques and fiscal policies which could produce a balanced growth of output and consumption. Moreover, if a new approach from the trade union side is to be effective it has to be paralleled by a new, tougher, and more concrete approach to planning and redistributive policies from Labour's policy makers.

Economic Policy

Our efforts to suggest the policies required have been published elsewhere.¹ They must include much more positive proposals to control the investment cycle (the trough of which, for instance, will be creating unemployment and under-used capacity in the economy in 1962); this must include much more vigorous and selective use of investment taxes and allowances. The 1950's saw a general tendency for insufficient job-creating investment to go into the north and west of Britain, and a disproportionately rapid growth of the private sector investment that contributed least to productive efficiency;² stronger control over location, and a shift towards investment yielding direct improvements in efficiency is therefore needed. Planning of the growth in capacity and output of the key sectors of the economy needs not only a national planning authority, but control boards at industry level not only in steel, but in chemicals, building materials, shipping and shipbuilding, etc., with real supervisory powers. Fiscal punishments and rewards, and government development contracts should back these forward planning bodies. In the field of prices and income distribution, the Tory legacy has this much to be said for it—there is, after ten years of *their* redistribution, ample scope for income redistribution the other way (and in the first place higher taxation of unearned incomes and capital gains, and an effective gifts tax). Moreover, in a situation in which indirect taxes (net) add 17 per cent. to the factor cost of consumer goods, there is ample scope for deliberate attempts to stabilise consumer prices (and, one might add, reduce some elements of industrial costs). Apart from this, a programme of consumer protection needs to be advanced.

¹ In *Socialist Wages Plan*, in *The Control of Profit and Inflation, Cartel*, Vol. IX, No. 4, and in Hughes and Barratt Brown, *Britain's Crisis and the Common Market* (New Left pamphlet).

² Between 1951 and 1960 capital investment in 'distribution and other services' (much of it mere shop 'face lifting') and on private house building trebled in real terms and by 1960 accounted for nearly 30 per cent. of all investment.

These constitute merely some of the aspects of what is involved in an alternative policy; that policy needs to be elaborated systematically, and redefined as the economy lurches along (for, obviously, what has to be stressed at a time of runaway election-year boom is not identical with what must be said as and when serious slack occurs in the economy, as now, in the wait-and-see pause after the investment boom subsides). Moreover, the absence of such policies has resulted in a chronic problem of our foreign trade balance since the middle 1950's, only masked by lengthy and wasteful deflation (stagnation might be a better word) of the economy. Consequently, the alternative programme, while stressing the roots of the foreign trade crisis in Tory mishandling of the economy, may also have to include more or less emergency measures to strengthen our ability to export. These would involve at present a radical review of fiscal rewards and imposts both to reduce industrial costs and to relate tax rates to export performance of firms. (Open advocacy of devaluation as preferable to prolonged bouts of deflation may be too much to ask.) But in all this, the emphasis must be on an intelligible programme for economic expansion and fairer taxation that would make the negotiation of *real* wage increases of 3 per cent. to 4 per cent. a year something that could be sustained; at present this is something that occurs only in one phase of the trade cycle. The advocacy and development of such a policy is necessarily mainly the job of the political side of the Labour Movement. Nevertheless, trade unions must explain such policies to their members, and conduct wage negotiations in a way that makes the achievement of such comprehensive economic proposals possible. Alongside this we stress the need for a genuine, not window-dressing, emphasis on the position of the lower paid. For example, there are three and a half million workers whose pay is statutorily determined by some sixty Wages Councils. These workers are weak organisationally, but a concerted effort by the trade union movement could improve their absolute and their relative positions and make a start to increasing trade union membership amongst them.

The Worst Paid

The scope for trade union activity to improve the wages of the worst paid is clearly demonstrated by recent Ministry of Labour data which provide fairly extensive information on the spread of earnings. The survey of earnings distribution in manufacturing and in some non-manufacturing industries showed, inter alia, that of full-time women workers, 37 per cent. earned under £7 a week (this was in October, 1960), and altogether 87 per cent. earned under £10 a week. A later survey of manual workers in hospitals showed 95 per cent. of the full-time women workers earning under £10 a week. The available data on low earnings among full-time men are also revealing. It has to be remembered in looking at the figures that follow, that they relate to total earnings (including bonuses and perquisites) and *before* tax deductions or deduction of that regressive poll tax we call national insurance.

PROPORTION OF MEN IN FULL-TIME EMPLOYMENT
WITH LOW EARNINGS.

<i>Industry Surveyed.</i>	<i>Percentage of total earning under £10 a week.</i>	<i>Percentage of total earning under £12 a week.</i>
Agriculture, regular workers ¹	48.3	80.7
Hospital, manual workers ²	21.74	62.96
Non-manufacturing industries ³	15.68	41.47
Manufacturing industries ³	7.47	21.88

Sources: *Ministry of Labour Gazette*, April, 1961, and August, 1961.

For the industries included in the table above, the surveys covered just under 5 million adult male workers, and two-thirds of a million of these were earning under £10 a week. This number would be very much bigger if we had earnings distribution figures for such low wage industries as distribution, catering, and the railways. Although very low earnings are less prevalent in manufacturing industries, the Wages Council industries in manufacturing show up badly (e.g. brushes, 18 per cent. of the men under £10 a week; hats, etc., 19 per cent.; lace, 20 per cent.; jute, 27 per cent; made-up textiles, 30 per cent. under £10 a week). It is not only the pensioners who are excluded from affluence in our society; a major effort to level-up the lowest paid is needed.

These two broad aims, of substantial general improvements, and higher than average increases for the worst paid sections, require at least two major changes in the attitude of organised labour. There would have to be a move away from the emphasis on autonomy and craft consciousness which sometimes make the unions look more like a 'do it yourself' movement than a social one. Secondly, the unions have to leave behind the pretence that wage objectives are unrelated to political ones. It must be recognised that having an effective wages policy involves making demands on the government in power, and these demands are more telling when spelt out in detail. This we proceed to do.

Objectives: 1962-65

In terms of demands for the next four years the following are suggested:

1. The unions must insist that all wage rates grow by at least 3 per cent. per annum in real terms. Through such a demand the unions would be setting their own targets for economic growth. Mass consumption in real terms would be expected to rise by 20 per cent. in four years. An explanation of total output by 20 per cent. over four years is practicable, and the required increases in mass consumption, welfare provisions and leisure would follow from this, and from redistributive policies which

¹ Average weekly earnings in year ended March, 1961.

² Earnings in third week of April, 1961.

³ Pay-week, mid-October, 1960. The non-manufacturing industries surveyed included construction, road transport, public utilities, but only included just over one and one-third million male workers.

could ensure that the share of unearned income was cut back. In addition a cut in arms spending would ease economic strain as well as international tensions.

A start could be made to this wages policy by the unions negotiating contracts intended to last for longer than the normal period now operative between agreements; these long-term contracts could cover the four-year period of the immediate wages plan, or they could be for two years. Included in these contracts would be an annual improvement factor guaranteeing an increase in wage rates in real terms of (say) $3\frac{1}{2}$ per cent. each year. The guarantee in terms of real purchasing power would require to be underwritten by a cost-of-living escalator clause. The usual view of such clauses is that they encourage inflation as wage increases follow more promptly upon price increases than they would if negotiations had to be entered into. This is the case; and an advantage of the extended use of such clauses is that they would provide a very strong incentive to governments to check price increases.¹

In addition escalator clauses do have the advantage that they put an end to attempts by the unions to anticipate expected price increases and to compensate in advance for the gaps which develop between rising prices and wages marking time until the next agreement, a reaction which is perfectly justifiable but speeds up the rate of price increase.

2. There would be a concerted effort to achieve additional improvements in the pay and conditions of the most exploited sections of labour. These improvements would come, most appropriately, from the cut back in unearned income and would not be at the expense of other workers. The wages council industries have already been referred to. The unions in these industries could begin by co-ordinating their own policies and actions and this could be buttressed with help from the better organised sections.

The approach of the unions to raising the wages of the worst paid employees could be extended to take in the idea of a national minimum wage rate.² This would have the particular virtue of emphasising the political content of the wages policy. The very low wages still paid to many women require strong action from the unions. The 'equal pay' victory must be carried into many sectors of industry where it has had very little effect so far; and improvements are necessary in sectors where women cannot depend on comparability with male rates to secure decent wages.

Similarly the wages and conditions of young workers deserve special

¹ There is, of course, the problem of price increases generated by unfavourable terms of trade which could not be prevented by government action. It might be necessary to have some escape clause in escalator clauses to cover such situations: but the trade unions would want to make sure that their members were not expected to take the greatest part of the strain caused by such movements.

² Mr. Frank Winchester, General Secretary of the National Union of Vehicle Builders, has developed this idea in an article in *Labour Monthly*, June, 1961.

attention, for the sufficient reason that the youngsters are often badly exploited, and also because it is at this end of the labour market that trade union strength through recruitment can be most easily and quickly built up. The T.U.C. has already prepared an excellent memorandum on the need for improvements in the Youth Service, but this and other policies on youth problems need to be taken up energetically by the unions. The excellent pamphlet *Fair Chance* recently produced by the Amalgamated Engineering Union is the kind of thing which ought not to be trade union news. The trade union movement has been too kind by far to the inadequate approach being made to problems of youth employment, training and 'the bulge' by the Industrial Training Council. There has to be an onslaught on this problem, and on the dead-end jobs which proliferate because they suit employers.¹

The T.U.C. could elaborate these elements of a policy for young workers into a Youth Charter setting out the minimum conditions that ought to be achieved in all industries, as well as the responsibilities of government.

3. There should be more emphasis on expanding leisure and sharing it more equitably throughout the community. A much more rigorous limitation of overtime should be applied, except under short-period agreements between employers and unions to meet exceptional conditions. The T.U.C. should declare its support for such a policy and should help to police it. Some unions are unwilling to face the unpopularity with their own members which a tougher trade union limitation on the amount of overtime worked would bring on. The main case for limiting overtime is not that this would reduce redundancy in a recession. The expansionist policies being outlined would require governments to adopt more direct ways of ending recessions and securing the rapid redeployment of labour displaced by industrial change, and thus trade unions would be less dependent than they are now on defensive reactions such as overtime restrictions. The main case against overtime is social; and there is the additional point that the limitation in the total supply of labour involved would create a favourable economic environment in the labour market for a successful redistribution in favour of labour incomes.

The Working Week

The final step towards the too long delayed forty-hour week should be part of any immediate policy, as should three week's holiday with pay

¹ There is an obvious link between the need for more planning by firms and government to widen the training opportunities available to young people and the broader need for long-term manpower budgeting in this country. There is a very limited suggestion for three-year estimates of manpower requirements in the *Fourth Report* of the Council on Prices, Productivity and Incomes, and there are even more limited suggestions for the forward planning of labour requirements in the Ministry of Labour's *Security and Change*. The unions should take these proposals up and develop them. Manpower budgeting would be an essential element in any policy for rapid economic growth with income policy along the lines suggested here.

as the norm for manual workers. The award by the Industrial Court to gasworkers of a third weeks' holiday after ten years' service and an additional week after fifteen years should not be regarded as a model. There are many important industries in which the long-service principle is inapplicable. In addition longer holidays are of particular importance to the young family man who would be excluded from these benefits unless he had been undesirably unenterprising and immobile throughout his working life.

There are difficulties in reducing the effective working week which illustrate the broader difficulties of any social policy biased towards equality in a predominantly privately owned and selfishly run economy. The advance of technology is uneven; there are wide differences in the increases in productivity of workers employed in different jobs and industries. Thus if hours are to be of approximately equal length in all occupations, there has to be a re-allocation of labour out of some of the industries most favourably affected by technical change and into those least favourably affected, depending of course on the different strengths of consumer demand for the products of these industries. There will also probably have to be some significant changes in the relative prices of different commodities, so that despite the considerable differences in productivity changes between industries, the wages and hours of all workers may be kept reasonably in step.

If changes such as this are to be achieved there would have to be united campaigns in which the strength of the whole trade union movement is used in the interests of workers in the slower-paced industries. Socialists have the job of winning trade unionists for such a practical demonstration of solidarity. In some instances this will not be an easy or a popular job to perform. The shortening of the hours of work in particular occupations will mean that services which consumers have become accustomed to in their own (increasing) hours of leisure will no longer be available, or will cost considerably more. The socialist demand for equality must face facts like this and seek for practical ways of overcoming them.

4. Extension of the guaranteed week principle for longer periods and to a much wider range of industries is urgently needed. This imposes longer-term planning on employers through the established channels of collective bargaining. Allied to the development of guaranteed annual wages in British industry there should be a drive to give the workers much greater security of employment, and the improved status which goes with this. Discussions in the National Joint Advisory Council and the recent Ministry of Labour booklet *Security and Change* give the unions the green light to press through policies for dealing with redundancy. *Security and Change* reveals how much scope for improvement there is. The Ministry reviewed agreements covering just over two million workers in private industry and one and three-quarter millions in the nationalised industries. Apart from severance payments intended to cover special cases (for example, cotton and the Welsh tin-plate industries) and with the exception

of the furniture industry where the completion of twenty-five years' continuous employment entitles redundant employees to two weeks' wages (and perhaps a small gold watch?) under 200,000 workers were entitled to severance payments in private industry. The superiority of both the coverage and the actual provisions in the nationalised industries is most striking. The Coal Board makes up wages to two-thirds of the amount payable when redundancy occurs for between twenty-six and forty-one weeks, depending on length of service; B.O.A.C. pays, for example, sixteen weeks' wages to employees of only ten years' service and forty-eight weeks' wages to employees of twenty-four years' service.

5. Arrangements for health and safety in industry and compensation for accidents and sickness need improvement. Again the T.U.C. has already done much detailed work in these fields, and what is especially required is an attempt to carry this work out from the annual reports of the General Council into the negotiating chambers, into Parliament and into the media which make public opinion. Industrial medical services in this country are very thin on the ground; the unions have to campaign for an expansion of existing services and their multiplication throughout industry. The level of sickness pay is too low and improvements must come either in the national scheme, or less desirably, through the introduction of supplementary schemes run by individual firms. Recent investigations by the International Labour Office have demonstrated not only how British expenditure on social services has been falling behind that of most other West European countries but also that the proportion of social security expenditure levied from employers is low when compared with the United States. West Germany and Belgium (where the proportion of expenditure met by employers is over twice that in the U.K.), Austria and France (where it is over three times the U.K. proportion), and Italy (where employers pay four times the proportion of all social security expenditure paid by British employers). Although the T.U.C. have recently made a most comprehensive review of the working of the Factories Acts, with many important suggestions for improvement,¹ problems of industrial safety require more attention from some trade unions than they get.² Accident rates have increased in recent years.³ An extension to other industries of the arrangement in the mining industry by which workers' safety inspectors are appointed by the union is worth considering.

The extension of workers' responsibility on safety connects with the broader topic of industrial democracy which cannot be developed here. Our view is that the centralisation involved in a wages policy of this sort should be counter-balanced by the decentralisation of other areas of trade union power to lower levels of trade union activity, and the extension of

¹ See pp. 154-160 of the 1959 *Congress Report*.

² The Amalgamated Union of Foundry Workers and some of the unions in the building industry can be cited as examples of how problems of safety, etc., should be dealt with by unions.

³ The Accident Incidence Rate in manufacturing in 1960 rose by 4 per cent. for males and 9 per cent. for females.

the work-place powers of the unions exercised at that level. Alongside the charter on wages and conditions there ought to be a charter for employee participation in management and for the control by employees of some functions currently exercised by managements.

Some general principles for claims:

Trade unions formulating wage and other demands within the context of a national wages policy will require some 'rules of thumb' or guiding principles to help them decide the form and character which particular claims should take. The following questions are offered as a very general guide. If trade union activists began to ask questions like these ones, and if the claims put forward by individual unions began to be influenced by how they answered these questions, an important practical step would have been taken towards a more co-ordinated wages policy.

Firstly, will the demand get the full support of the maximum possible range of grades and number of employees in the firms who are members of the appropriate employers' association? Could a change in the character of the claims get increased support and enthusiasm and perhaps bring other unions in to the negotiations?

Secondly, and as far as is compatible with answering the first question satisfactorily, does the claim apply socialist egalitarian principles? Does it make a start to developing a social policy on income distribution with more emphasis on need?¹

Thirdly, will the character of the claim demonstrate to workers not immediately affected by the claim and to the public at large the social sense and purpose of the trade union movement?

4. Towards a More Coherent Structure

Rationalisation of union structure is only likely to develop rapidly once the inadequacy of the existing structure to perform desired functions, and to implement new and challenging policies (such as those outlined earlier), becomes more widely recognised. But we are certainly entering a period in which such changes are both more probable and more urgent than they have been for the last forty years. For without bold developments in both policy and organisation the basis for effective union action is diminishing.

Here we indicate some first steps in the direction required. If they appear limited in scope it should be borne in mind that there is little pur-

¹In the long run egalitarianism supplies the firmest base for a common approach and for wider united action. But the principle itself will not resolve the short-run incompatibilities involved in supplying one answer satisfactory to both the first and second questions. These incompatibilities can only be removed by a growth of socialist consciousness, which involves socialists in expounding their social philosophy more aggressively. Unless they do, business unionism can become a barrier to socialism.

pose in sloganising about amalgamations of unions and a radical restructuring when, in so many cases, the elementary practice of inter-union co-operation is lacking, or a unified approach to the problem of a particular industry not even sought for.

In the first place, machinery to enable a coherent and progressive income policy to be discussed, agreed, fought for, and 'policed', has to be created. Whether the initiative here comes first from the T.U.C., or from development of more co-ordination in organisation and policy of industrially connected unions, the form it should take is similar. The integration of existing federations within the T.U.C.'s structure must be undertaken (at present they exist in an unhappy limbo unrepresented within the constitution of Congress). At the same time the T.U.C.'s Industrial Committees, which after being still-born so long were recently officially buried, must be rehabilitated, their scope revised, and their functions seen as those of embryo federations. For such industries as steel, chemicals, transport, fuel and power, motors, a major effort is needed to bring into closer unity and joint action unions that have wide differences in approach and apparent interests. But the beginnings of co-ordinated policies industrially, and effective co-operation locally, must be aimed at. The T.U.C.'s Wages Councils committee must be given the staff and the encouragement to develop common policies and co-ordinated recruitment and strengthening of organisation in what is the most important and exposed frontier of trade unionism. Intelligent and far-seeing co-operation between the general unions and U.S.D.A.W.—as the unions most deeply involved—is the key to a break through (and a rationalisation of labour and use of resources) in this field.

Finance

All of this requires an increased budget for the T.U.C., and joint financing of not only fully fledged federations but also the Industrial Committees, if these are to be real centres of initiative and effective servicing of associated unions. It is time, too, that the composition and powers of the General Council were reviewed; its industrial composition has not been altered to match the large shifts in union strength in different sectors of industry; the old idea of some full-time General Council members is worth re-examination (this might be viewed functionally, and linked to the proposed development of specific industrial committees). The General Council has also got to learn—on the model of the Cabinet—to use non-members of the General Council in its sub-committee structure, and in representation on a host of committees. Of course, the T.U.C.'s departmental staff has got to be expanded, and their conditions of work greatly improved too.

The need for co-ordination and rationalisation of work done (thus making it easier to employ specialists) extends beyond this. The general improvement of Union publicity is a case in point; far more needs to be done to improve the level of publications, and to handle public relations. Rationalisation of trade union 'research' would follow in the wake of the renewed stress on closer unity and joint action at industrial level, but

the ability of the T.U.C. to assist small unions and those involved in efforts to advance the frontier of trade unionism must be improved. The movement needs an adequately backed journal in which theories and policies can be seriously discussed, free from any inhibition of being regarded as the official voice of the T.U.C. The new venture of a quarterly journal, *Trade Union Affairs*, deserves honourable mention here, but it is as yet operating on a shoe string and still not widely known even among the full-time staffs of trade unions.

T.U. Education

With the exception of some trade union educational schemes, notably those of the general unions, the educational effort of the trade unions is also inadequate. More interest seems to have been displayed in recent years in increasing the financial yield on trade union property investments than in increasing and making more effective union investment in its active workers. Yet the training needs are vast—at *all* levels. This is not only a question of educating lay members; all large industrial combines have worked out their systems of staff training and systematic development of key personnel, but not a trade union in the country has reached this stage yet. It is a hopeful sign that some unions are doing more to train young workers in the fields of union interest, but very little is stirring in the field of education and training of women trade unionists. A survey of current provision is depressing. The T.U.C.'s own educational courses are inadequate both in conception and in execution; the T.U.C. has not yet even built up its own full-time tutorial staff. The new educational scheme in process of being born in place of the N.C.L.C. and W.E.T.U.C. is simply a limited exercise in rationalisation; the emphasis on limiting union affiliation fees to it is sufficiently strong for a significant extension of existing work to look doubtful. A key institution such as Ruskin College has scarcely expanded in the last five years. And many trade union education schemes are narrowly conceived, justifying the union-as-it-is much in the way of Milton justifying God's ways to man. What is needed is a co-ordinated and bold 10-year plan for trade union educational expansion covering every aspect of the work.

Finally, we would suggest the need for a central development fund which could be used to finance major attempts at extending union organisation, and serious experiments in new ways, not only of recruiting, but of organising women and young workers; such funds should be capable of being used to assist in the finance of strike action where it is necessary in key struggles on recognition or other vital organisational principles.

5. The Politics of a Wages Policy

During the 1959 General Election *The Times* one day carried as its leading letter one from a professor of economics, who asked:

'Is it really too much to expect the parties to indicate how such claims for more pay and shorter hours can be reconciled with the objectives of

rapid economic progress, full employment and a steady cost of living? The Conservatives are clearly under an obligation to suggest an answer, but the Labour Party has perhaps a special responsibility for two reasons: the claims are being made by its own supporters in the unions and the party has already accepted many heavy commitments in other directions.'

The silence which followed upon Professor Thomas Wilson's question was deafening, and not surprisingly. Why Conservatives should want to keep questions bearing on income distribution out of the political arena is fairly obvious; having to spell out Conservative views on 'who gets what' would hardly be the way to win elections. In fact Tories seem to prefer the speculative mood when they comment on wages problems, unless, of course, they are calling for restraint. There was Mr. Butler's hope that the standard of living would be doubled in twenty-five years. More recently there were Lord Hailsham's prophecies to the Grand Habitation meeting of the Primrose League. By 1984 the Communist ideal of the classless society will have been largely realised' and 'the average wage would amount to £2,000 per year or £40 per week'. Lord Hailsham did not say that he had assumed (a) a continuation of the pace of wage advances the Chancellor now resists, (b) a 40 per cent. 'inflation' of prices. Lord Hailsham's pie in the sky will hardly reduce the concern of the lower paid with the harsher realities of the present, revealed in the table on page 27.

The roots of Labour reticence have already been discussed. Both the Party and the unions seem afraid that any breach in the division of labour between them would produce a demarcation dispute of frightening dimensions and consequences. Some leaders of both wings of the movement seem to believe that to relate income distribution to politics would transgress the British constitution and threaten the position of Parliament. But the British constitution is not a Colonial Office concoction aimed at restricting popular political power; and it is quite resilient enough to stand up to the recognition of the facts of life as they already exist. For Labour politicians *and* trade union leaders are meant to channel more of the wealth produced away from those who derive their incomes from property ownership towards those who derive their incomes from work. On the other hand, that Conservative politicians seek to restrain labour's share of national income, we believe to be true all of the time and manifest during the periodic crises when all the means available to Conservative governments are openly deployed to this end. The labour movement has a great deal to gain both in clearing its own mind, and thus being able to operate an integrated policy, and electorally, from bringing income distribution openly into the political arena.

It is unfortunate that just at this point in post-war British industrial history, when the tie-up between trade union and political interests in the distribution problem is becoming more and more obvious, the new General Secretary of the T.U.C. should be busy discounting the political purposes of his organisation. Wooing one of the white collar unions, Mr. Woodcock has been quoted as saying, 'prettv well the whole function of the T.U.C. is political. But not party political.' The only useful consequence of such

an attitude is that it might end the unhealthy anxiety sometimes expressed that the policies of the two wings should get out of line, that September decisions should differ from October ones in terms of the two great conferences of the movement. Such differences from time to time are an inevitable consequence of evolving policies by democratic processes. But this is not the problem. Surely Mr. Woodcock acknowledges that any comparison between T.U.C. policies on the major issues of the day and the policies of the two main parties would produce a very high positive correlation between T.U.C. and Labour Party and a negative one between T.U.C. and Conservative Party? If the Communist and Liberal Parties were put into the calculation for good measure, the Labour Party would still come out with the highest positive correlation and the Conservative Party with the highest negative one. In this situation an attempt to distinguish between 'political' and 'party political' seems rather strange.

It is a wry comment on Mr. Woodcock's attempts to draw this distinction that under its constitution the Labour Party only accepts for membership trade unions 'affiliated to the T.U.C. or recognised by the General Council of the T.U.C. as *bona fide* trade unions'. Mr. Woodcock may wish to end this right of veto exercised by the T.U.C. It would be ironic if some white-collar unions not yet affiliated to Congress, but faced with the need to fight the present political attacks on salaries, sought affiliation to the Labour Party rather than to a T.U.C. that disavowed 'party politics'.¹

The myth that collective bargaining has nothing to do with party politics is now wearing pitifully thin. Trade union activity through collective bargaining is one way of influencing the distribution of income whereas politics is another. Meanwhile the trade unions and the Labour Party must find ways of winning wide support for their joint ideas on income distribution. Short of a Labour government there are gains to be won if more co-ordinated efforts are made to win them. Such efforts will also pave the way for a Labour government. The aim must be to probe the limits of reform within capitalism and to muster forces to go beyond these limits when the sticking point is reached. Unless political and economic power on the left are united there is no hope of defeating the organic, well-knit and 'natural' alliance between capitalist economic and political power.

CONCLUSION

We have tried to put the problem facing British trade unionists in the context of the crisis of British capitalism. With a Tory Chancellor talking about long-term planning no one need doubt the seriousness of that crisis.

There are external features now clearly emerging which threaten a Balance of Payments crisis more acute and deep-seated than anything that has gone before. The cushion provided to sterling by the positive balances

¹Perhaps the National Union of Teachers will react to the Conservative Central Office pamphlet on the teachers' salary claim by asking the Labour Party to reply?

of some ex-colonial countries will no longer be available. The British economy has its own burden of foreign debts. And long-run developments in the international post-war economy are cutting deep into Britain's ability to compete. A plunge into the Common Market would be more likely to sharpen these problems than to ease them.

Internally inflation has returned from the ante-room to which some luck with the terms of trade and facile Tory optimism had temporarily despatched it. Inflation arises from the contradictions of advanced capitalism; its agents are monopoly power and administered prices, a government equally frightened of the political consequences of unemployment and of the physical controls necessary to maintain full employment in a balanced economy with a mature labour movement. In a sense inflation is advanced capitalism's way of trying to contain its own forms of class conflict. But this process of containment, more or less on terms acceptable to the business men, has to be paid for. The bill is presented not only to the wage and salary earners who are cheated of additional purchasing power they could have here and now, but also to the whole economy which staggers, stagnates and finally slips into relative decline. This is at least as painful to Britain's capitalists as it is to the rest of us. But we doubt whether they can produce any other answer.

The only solution possible within capitalism that would be at all acceptable to the labour movement would be rapid economic growth with a bias in favour of labour income and mass consumption. But could a capitalist society flourish with 'incentives' to its profit receivers and decision takers withering away? Our suggestion is that the labour movement evolve policies which put this question to the test, and which can also make the socialist alternative more of a reality. For socialism and socialist propaganda does still seem to be principally aimed at the old problems. The new form of crisis poses new questions, causes new deprivations and brings forth new allies for the organised workers.

We know that some will criticise what we have written for its 'reformist undertones' whereas others will regret its 'class consciousness' and its revolutionary objectives. But there *are* two problems to be met: how to make the best of present difficult circumstances, how to live through the crisis of capitalism, and also how to break through from it to a socialist society.

What we have written will certainly be damned by some as impracticable, and naive in emphasizing the possibility of change.

We ask this question of our readers: *What perspective do you see for British socialism this century?*

How and when do you see any major social change taking place?

Our belief is that a necessary condition for any optimistic answer is that the British labour movement work out a wages and income policy of the general form outlined in this pamphlet. And a policy for WAGES NOW is certainly a necessity for more obvious and immediate reasons.

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