

A Reply to Critics.

Three wise men of Gotham
Went to sea in a bowl:
And if the bowl had been stronger,
My song would have been longer.

Mother Goose's Melody.

A reply to three critics gives us the opportunity to restate the main strategy and objectives of our 'Socialist Wages Plan'. We confess to being disappointed in our critics. They have this in common—they say nothing constructive about the central question we set out to tackle: what are the wage and income distribution policies required in any attempt at a radical socialist solution to the economic and social problems of British capitalism in the 1960s; how far could more co-ordinated Trade Union policies strengthen the socialist (and anti-sectional) forces in the T.U.s and reinforce, social and political challenge to 'the system'? We were probing for radical solutions to real problems, trying to suggest a line of struggle for (and within) the labour movement as it stands today. The politics of the question go largely unconsidered by Turner and Corina; Kidron turns away from both the economic and the political problems of the present time.

However, any *N.R.* reader who has read through all three critics deserve some encouragement. We intend therefore, while examin-

ing the views of our critics in some detail, to attempt to re-state some of the essentials of a socialist policy in the Trade Unions. It may be objected that we continue to argue what an alliance of labour government and the trade unions *ought* to do, rather than what the trade unions should do now we are blessed with another Tory government. We think it necessary to put forward as concretely as possible what the labour movement could do, if it had political power, and what socialists within the labour movement should work for by way of immediate objectives. Now that the results of the General Election are known, we intend to put forward our views on what should be the immediate tactics of the Trade Unions.

We reply to Corina, Turner, and Kidron, in that order because this gives us the best way of developing our views fairly systematically.

Corina and the Nuffield Drifters

So the Cabin-boy did swim all to the larboard side,
Saying, 'Captain! take me in, I am drifting with the tide!'

(Oxford Book of Ballads)

If we understand John Corina aright, he is arguing that wages drift is more important and complex than we have assumed. We neglect, he says, 'most of the problems raised by social wage competition'. This criticism appears less striking when we discover that 'social wage competition' is - confessedly - an 'umbrella term', which seems to include everything imaginable, and when we find that the various facets of it that Corina deals with have been dealt with fairly extensively in *S.W.P.* For instance Corina tells us (in a rather heavy scholastic style): 'a wage round consisting of a standard band of percentage increases fails to remove the various earnings anomalies: it merely hands on the drift superstructure from one period to another'. In Chapter I of *S.W.P.* we examined the roots of this in the present weaknesses in trade union structure, bargaining machinery, and industrial wage structures (p. 12-14). On p. 28 we made the same observation as Corina, in the section 'Wage Pressure in the "Mixed Economy"'. In developing our wages plan we indicated the need to allow major adjustments to wage structures to reduce felt anomalies (p. 34-35). We argued, also, the need to give particular consideration to the position of lower paid workers, and discussed in detail how we envisage a 'further levelling' in incomes proceeding within the context of the plan (p. 36-37, and 55-56). Corina mentions the phenomenon with an air of discovery but offers no institutional analysis, nor does he decide what he wants to do about it, or how to set about doing

However, inside this 'umbrella term', Corina emphasises earnings drift, the tendency for earnings to increase *faster* than rates. Faced with this phenomenon he is ready to conclude that 'the economic advantage of having a wage plan is marginal'. (It should be noted that he immediately cancels this point by conceding the *political* importance of the plan and, genuflecting in the direction of Hugh Clegg, that 'all wage decisions are in a sense political'. This must surely mean that they, and therefore their economic consequences, are changed by a changed political strategy?)

The drift argument is that: —

- (a) earnings increase markedly faster than wage rates, and thus increases in rates by no means indicate the increase in the wage bill. The inflationary impact of wage increases is therefore greater than envisaged;
- (b) increased earnings are concentrated in *some* industries, and inter-industry earning comparisons therefore are a major factor determining the pace of *wage rate* increases in *other* industries as these seek equivalent earnings increases.

The argument is valid, and we devoted considerable attention to it in *S.W.P.* We appear to differ from Corina as to the size of the problem, its intractability, and the influence of the incomes strategy we propose upon it. We consider that a context of price stabilisation, income redistribution, and controls aimed at squeezing profit margins, would pave the way for a more co-ordinated approach to wage-rate determination on the part of the Unions, the use of more rational criteria (in comparability arguments *inter alia*) and therefore *reduce* the pressure of 'social wage competition'. It should be noted that as we envisage a continued general rise in wage rates of, say 2.5 to 3% a year, our proposals do not turn upon the *elimination* of the pressures of 'social wage competition'. Thus, we consider that our strategy would reduce, not accentuate, the wage pressures indicated in (b) above, as well as influencing the 'political' decisions affecting the general scale of wage rate increases. Corina does not pursue this point at all.

How important has earnings drift (earnings rising faster than can be explained by wage rate increases and hours worked), been in the last decade? In *S.W.P.* we estimated (p. 17): —

The residual increase in earnings in comparison with wage **rates** **tf** approximately 7% in the entire decade 1948-57 or little more than 0.5% p.a. A major influence in this is clearly disproportionately fast increases in piece-rate earnings, particularly due to improved opportunities for flow production, rather than demand-induced 'wages drift'.

More recently a detailed study by J. C. Dow *et al*, published in the N.I.E.S.R. *Economic Review* for May, 1959, which allowed also for sex-age changes in the labour force estimated this 'residual

wage drift at only 6% between October, 1948, and October, 1958.¹ In the same period wage rates rose 70%. The wage drift has hardly been rapid. As to what wage drift did occur, Dow *et al* think that '* payment by results may have been more important' than 'employers giving concealed wage increases'. If Corina has any different arithmetic to offer on the wage drift he does not produce it.

To argue that the economic advantage of our wage plan would be 'marginal' must involve the assumption that even if money wage rates rose more slowly the effect on labour costs per unit of output and on the wage bill would be offset by increased earnings drift. Would the economic and political conditions envisaged as the basis for a socialist wage plan accentuate 'drift'? One of the main requirements of a progressive wage plan must be pressure on profit margins. We argued on p. 53-54 of *S.W.P.* that the creation of a 'hard' economic environment for the businessman will set a limit to the ability of firms to push up money earnings faster than negotiated rates. We made a number of suggestions as to the methods the state could use in checking inflationary increases in production costs and profit margins (p. 42-45). Says Corina, 'control of market conditions by a tough fiscal policy seems to be the only answer'. We did not recommend limiting 'toughness' to fiscal measures. However, Corina offers no criticism of our proposals.

Perhaps we should conclude this section on a lighter note. Corina asks, 'What is there to prevent the employer from bidding for labour by encouraging a continual upward revision in piece rates?' We invite shop steward readers to consider the realism of Corina's view of the employer.

Turner and - Turnerism.

'You're a amiably-disposed young man, sir, I don't think.'

Sam Weller in *Pickwick Papers*.

We are pleased that Turner found our prefatory quotation from Dickens 'excellent' and our intentions 'obviously good'. We are sorry Turner thinks our 'dissonant propositions' lack 'statistical finesse'; distressed that he should think we told Mr. Bert Wynn that our booklet was 'the first attempt by socialist economists to examine the problem of wages and inflation'²; professionally

¹ In their case the residual wage drift was defined as the 'estimated effect of earnings for the standard week increasing more than negotiated wage rates'.

² Why Mr. Wynn should think this when as General Secretary of an Area or the N.U.M. affiliated to the Fabian Society he must have received a copy of the pamphlet by Turner which he (Turner) modestly claims covers a good deal more ground than our programme is something which Turner should take up with Mr. Wynn. One possible explanation that occurs to us is that Turner's pamphlet is not explicitly socialist; it does not even make clear whether the sketchy proposals for Britain are to be applied under either a Labour or Tory government; and in it Turner does not take care that the reader who does not know him by reputation to be 'on the Left' can be confident that Turner's intentions are 'good'.

piqued that he should consider it possible that we are ignorant of British discussion and foreign experience of a National Wages Board; and politically furious that he should dub our 'so-called' plan 'Unsocialist'.

But we do not expect readers to be much interested in our emotional reactions. They will want to know if we have answers to Turner's points, how far we would want to modify our views in the light of them, and how far we unrepentantly stand by the statistics, theory, policy and title of *A Socialist Wages Plan*.

Statistics.

1. By far the greater part of post-war reductions in the standard week came before 1948. In the years 1946 and 1947 the aggregate decrease - reduction in hours x workers affected - was approximately 24 million weekly hours compared with about 4 million for the years 1948 to 1956. Over the period which we use the length of the 'average' standard working week did not fall by as much as 1%. There is therefore no valid objection to using indices of weekly wage rates, retail prices and output per man hour to demonstrate that real wage rates had increased at under half the rate of hourly output over the years 1948 to 1955.

2. That wages 'rose first' in the period immediately following upon the 1949 devaluation is not our reading of it. From September, 1949, to April, 1950, the retail price index moved up 1.8%, the food component by 4.3% and the wholesale price index by over 10%. Over the same period male wage rates rose by a little under 1% - at half the rate of the price index which was being widely criticised at the time for underestimating what was happening to the prices of goods entering into mass consumption. There were many wage increases in the period immediately following devaluation in industries which had not had a nationally determined wage settlement for a considerable period before, e.g.:—

Industry	Engineer- ing	London Buses	Civ. Serv. Clerical	Coal Mining	Rails	Docks
Date of previous increase	10/48	3/48	1947	11/47	7/47*	12/45

* Except for a small award to the lower paid.

The rise of 10% in wholesale prices is a measure of 'the upward pressure on prices' which we said followed devaluation. That this meant 'the overthrow of the basis for wage agreement' seems to us as close to historical accuracy as can reasonably be asked for.

3. There is nothing 'fishy' in taking the National Income Blue Book index of the average value of consumers' expenditure as the most general measure of the movement of consumers' prices to use in conjunction with Blue Book figures on consumption, and using

the index of retail prices to deflate movements in the money wage bill with, to get some measure of its real purchasing power. The index of retail prices is based on consumption patterns nearer to those of wage earners than a pattern which takes in *all* consumption, as does the average value index.

4. Turner thinks we have fallen into 'a pretty obvious confusion' between profit *margins* and profit *rates* in our discussion in Appendix I. In fact there is no mention of, nor statistics of, *rates* (of return on capital). What we do discuss are *profits per unit of output*, from statistics of which we deduce (quite properly we think) conclusions about profit margins. It is possible that Turner prefers profit margins to be measured 'cost plus' rather than 'per unit of output'. We prefer our method, which is quite common. Where does the confusion arise?

Theory.

Turner is not sure what we mean by "balanced growth" and considers that our association of years in which such growth took place and prices rose less than in other years in the past decade is tautological.

By balanced growth we mean years in which the growth of real product is *at least 3% and* in which the share of consumption keeps more or less in step with the growth of output. The text, particularly pp. 32-3, makes this quite clear. Turner's suggestion of tautology is hardly borne out by the fact that 1957, with a price rise of 3.1% is not classified as a year of balanced growth whereas 1950, with the same price increase, is. Where he might properly charge us with omission is in not having discussed the 'turning point' year of 1955 more. But even with that year included as one of balanced growth the comparison is striking enough; the five years of balanced growth show an average price increase of 2.5% whereas the five years of disproportionate growth and/or stagnation show an average price increase of 5.9%.

Turner's essay into the field of formal logic is rather puzzling. He paraphrases our argument thus: unbalanced growth causes inflation, therefore balanced growth prevents inflation - and he concludes that therefore a wage policy is unnecessary if the aim is to beat inflation.

But this is academic model-building, drained of institutional understanding and social objectives. We want *a more equitable distribution of income* and not just an end to inflation. What we argue is that unbalanced growth is a frequent feature of uncontrolled capitalism and that when it occurs it forces the unions to generate wage pressures greater than can be absorbed by increasing production. These wage pressures are *a causal element* stepping

up the pace of inflation. In contrast, balanced growth and a wages policy (which can be thought of as part of the planning machinery necessary to keep growth balanced) can ensure that wage increases do not exceed the rate of increase which, (a) the productivity increase, (b) the desired quantity of investment, (c) the redistribution of income in favour of the workers, would make compatible with steady prices. This is Q.E.D. as far as we are concerned.

Turner's criticism of 'the weakest part' of our argument - that workers have "an interest in ending inflation - looks statistically better than it is because he has made a slip in his calculations. Using our figures he makes the average price rise in the six years of balanced growth 4.5% whereas our arithmetic gives us 5.5%. This reduces the difference in real wage movements between unbalanced and balanced growth years to + 0.4% instead of his + 1.4%. Had we been making this calculation we would have used (for reasons already given), the index of retail prices rather than the consumers' average value index with which to deflate wage movements. This would have shown the balance of advantage to lie with the years of balanced growth, in which real wage movements were greater, on average, by 0.3% than in the years of imbalance or stagnation. Although there is a small margin which supports our argument when the most appropriate statistics are used we would not rest our case on statistics alone. There are other reasons why a wages policy would be favourable to the workers, even when judged solely on narrow industrial grounds. Firstly 'end to end' movements of prices and wages do not measure the losses which workers suffer through time-lags in the adjustment of wages to prices. Second the threat of unemployment grows in the years of stagnation and unbalanced growth. Thirdly, the wages scramble necessary in years of unbalanced growth increases inter-union rivalries and weakens working-class solidarity. Fourthly, our wages policy would result in a steady rise in real wages much in excess of what has been achieved over the post-war years, whether measured as a whole, or separated into years of balanced and unbalanced growth.

This last point deserves expansion. Turner states that because we suggest 'an annual increase in average earnings of 3%' (he omits our qualification of 'at least' and reference to our numerical illustration with a range from just over 3% to just under 4%), 'it is at once obvious that the workers would get less out of the "A and H plan" than they have from an "unbalanced-inflationary" economy'. This assertion falls once his arithmetical slip is taken into account. Using the index of consumers' expenditure, the annual change in average real earnings was 2.5% over the years

of unbalanced growth and inflation; using the index of retail prices the statistic is 1.4%. Over the whole ten years the increases in real wages are 2.3% or 1.5%, depending upon which price index is used. Turner knows that real income per person employed has been increasing by about 2% in recent years (see his pamphlet *Wage Policy Abroad*, p. 30). It is surprising, therefore, that he was not suspicious of his calculations which showed an increase in real earnings per person employed, averaged over the years, of 3%. Where did he think it was coming from?

Policy.

Here there is no great difference between us, once the confusions and superfluities have been reduced to scale.

If Turner accepts that real earnings have not risen by an average of 3%, but by around 2% (we would say 1.5%; the first Cohen Report gave an annual average of 2.2% over the eight years 1948 to 1956) he will perhaps also agree that it might be possible to hold the unions together on less than a 4% increase in wages per annum (for example, on our 'at least 3%'). The corrected figures also make it more obvious that to make 4 or 5% money wage increases each year 'the minimum consistent with full employment' is a genuine case of q not e.d. in the discussion of a policy of which price stability is an integral part.

We are accused of 'appalling complacency about Britain's normal rate of economic growth' and it is suggested that we 'may find a 2 or 3% annual growth in national output satisfactory'. We do not find it satisfactory. We call an annual growth of 3% per annum 'a modest minimum aim'. We draw attention to the importance of 'increased economic efficiency and higher productivity', we say that 'the accent has to be on a growth economy', and we emphasise the need 'to plan for a rapid improvement in the technical equipment of British industry'. What we did try to bring out was the danger of emphasizing investment, in word and deed, *at the expense of consumption*. Such emphasis is a constant feature of pro-capitalist economics, and we think that socialists in making proposals for faster economic growth should make it clear that this is not to be achieved at the expense of the share of working-class consumption in national output: We are as free from complacency, and rather more realistic than Turner when in his pamphlet (pp. 31-2), he suggests a positive wage programme in which 'real wages would increase by 3% to 4% a year'.

One last small point. Turner cites as an example of the fantastic 'in our 'ill-assorted' assembly ('some good, if not unfamiliar, some fantastic'), of economic proposals, our proposal for

forced loans from the banks and possibly the insurance companies at interest rates as low as 1%. He asks, how is this to be reconciled with our proposals to increase working-class saving by offering it real rates of interest. Our proposal was intended to 'diminish sharply the rentier incomes arising from that part of nationalised industry investment and local authority house-building which is financed by borrowing from the private sector'. The average annual borrowing of public corporations and local authorities for house-building from all sources over the ten years was approximately £450 million. The total assets of banks and insurance companies at the end of 1958 were around £15,000 million, and the average annual change in these assets over the seven years previous had been about £500 million. Given these magnitudes forced loans to cover about one quarter of the borrowing of public authorities and local authorities for house-building from the private sector do not seem at all fantastic. The rise of prices by some 4 or 5% per annum has meant that rates of interest lower than 4 or 5% have in real terms been negative rates of interest. (In fact, depending upon the tax incidence on interest payments, even interest rates in excess of the annual rate of price increase can turn out to be negative real rates of return.) Thus the stabilisation of prices can make a small fall in the *money* rate of interest (as a result of the forced loan policy), quite compatible with higher *real* rates of interest and increasing working-class saving.

Kidron and the limits of Revolutionary Romanticism.

We are the pure unsullied few,
And all the rest are damned,
There's room enough in hell for you,
We don't want heaven crammed.

(Author unknown.)

Before looking at Kidron's views on the wages plan, it is important to point out that he offers no strategy in its place. His formulas for 'the function of socialists' are offered at the end of his *Socialist Review* article. For instance, 'The socialist's job is to work with and on (working-class) consciousness, to deepen it, make it more inclusive: to make in other words, working-class action contradict the system more directly' - and so on. Is this anything but arid phrasemongering? *What* do we do now? Is a combination of money-wage-militancy and millennial slogans a serious approach to the 'transition'? Yet *S.R.* shares this approach with the Communist Party. We are told that *S.R.*'s programme is one of transition 'through class consciousness and action'. Hardly explicit. *How* do we break out of the present 'politics of stalemate'? The answer surely has to be based on analysis both of the present state

of - and the form of 'contradictions' in - the British economy, and of that of the Labour movement and its organisations. Has Kidron anything more to offer than a would-be Marxist stereotype? The strategy we advocated in *S.W.P.* was to pose demands upon the system which challenged its 'welfare' front, probed its weaknesses, intervened in capitalist price-fixing, raised in a new form the question of who gets what. We argued what could be achieved given the commitment of the Labour movement to a progressive and co-ordinated economic and incomes policy. Kidron has as little intention of seriously evaluating our proposals as he has of descending from the level of millennial slogans to an examination of the real relations, and the political and economic framework, of the present day. He evidently thinks he represents the heroic age of Marxist thought. Instead, what he writes is mock-heroic would-be Marxism. (We are not sure whether the 'vanguard' of *Socialist Review* readers occupy the role of Sancho Panza or of Rosinante, the old horse.)

We are not going to dwell upon the standards of honesty that Kidron brings to his polemic. We give one instance of misrepresentation to stand for all the rest. Here is Kidron: —

He [K. refers to us in *S.W.P.*] writes: 'Low income groups are in some circumstances to be asked not to press to the limit their influence on money incomes, arising from strong bargaining positions (pamphlet p. 32). (We are not, of course, told the circumstances.)

For readers who don't have their *S.W.P.* handy this is what we wrote: —

A main aim of the wages plan we go on to outline is that the great mass of wage and salary earners should enjoy a rise in real standards of living from year to year. The achievement of this .. is essential. Without it, popular support for a wages policy resting on general agreement between government and trade unions would be dissipated ... Another main aim, and this too is for socialists not merely socially desirable but an essential condition for the success of such a wages policy, is to make inroads into inequalities of income and wealth, opportunity and power, especially the inequalities stemming from property ownership. If low income groups are in some circumstances to be asked not to press to the limit their influence on money incomes, arising from strong bargaining positions, they have to be convinced that both these aims are "being pursued.

Misrepresentation by quotation can hardly be taken further than to present a conditional clause as an unconditional statement suppressing the explicit condition that we attached to it. But to add 'We are not, of course, told the circumstances', when the 'circumstances' are explicitly set out by us (rising living standards and re-distribution at the expense of property), and when Kidron has deliberately avoided quoting them, is to take misrepresentation to a despicable level.

We prefer, however, to take the substance of Kidron's arguments and leave the dissection of Kidron's methods of compiling his article on one side. Kidron makes two major points and one minor one. To take the minor one first.

1. Our 'goal' of '3% plus stable prices' Kidron finds extraordinarily modest. He contrasts the 'actual achievement' of high rates of wage increase in Japan and Germany in the early 1950s. We argued not the 'goal' of a 3% per annum rise in real earnings per worker, but the *pledge* of such a rate of increase of real earnings by a progressive Labour government. As to Kidron's comparison, it is simply not relevant. He takes capitalist countries which in exceptional circumstances showed an almost unprecedentedly high rate of increase of industrial output. These countries had considerable reserves of capacity at the beginning of the period, additional resources available at low capital cost through reconstruction of war damaged plant, a low rate of consumption, a large reserve army of labour, a high rate of investment untrammelled by significant arms production, and exceptional scope in export markets. What has this to do with the likely rate of growth of the British economy at full capacity?

Kidron's two main points require more attention.

2. Our 'executive agent' for the wages plan, states Kidron, is 'the next Labour government'. It seems strange that Kidron cannot distinguish between advocacy of a policy to be fought for within the Labour movement, and (what is quite different) assuming that the present Labour leadership would, as things stand, carry out such a policy. As to Labour's present economic policy, we emphasised (*S.W.P.*, p. 46-47), that Labour's *Plan for Progress* gives priority to capitalist accumulation, but holds out no guarantees on working-class consumption. Again, we wrote, 'The labour movement at present is absorbed in the "politics of stalemate": the socialist must seek a radical break with such political quietism'. It seems to us self evident that the socialist does this by advocating within the labour movement the adoption of policies that involve 'a radical break' and which face up to the pressing problems of the British economy.

Perhaps we must spell out our meaning for Kidron's benefit: Post-war British capitalism has been unable to stabilise the economy at full capacity operation. With the approach to full capacity (1950-51, 1954-55), profit margins widen (see on this our Appendix to *S.W.P.*), the foreign trade position deteriorates, serious price inflation develops. 'Crisis' measures have to be taken. Yet the mass of the British working-class want full employment (and their wives want stable prices). What explanation is to be put

forward for the crisis; at whose expense is it to be resolved? Given a Conservative government or the type of Labour government that Kidron anticipates, we know the answer. If we may recall our pamphlet again: 'Absence of any coherent explanation of post-war wage and price movements, or of any coherent policy advanced by the Trade Unions, allows the State, the employers, and the "mass media" to cast the trade unions for the role of prime mover of inflation'. Hence, to our way of thinking, the need for putting forward an alternative analysis, and an alternative policy on the handling of the economy.

3. Our analysis, says Kidron, tends 'to give the state independent power': he then proceeds to slay us with long quotations from Rogow and Shore's *Labour Government and British Industry* showing how 'big business itself administered the controls'. We 'fail to realise that under capitalism workers will never be able to force the state to serve their ends'.

We cast about for an example to indicate the rigidity and abstract over-simplification of Kidron's views. One can imagine Kidron in the 1840s pouring scorn on the idea of working-class agitation for securing the ten hour day by legislation, through a Factory Act, through (as Marx said), detailed regulations whose 'proclamation by the State were the upshot of a prolonged class struggle'. In other words, dare we say it, through 'forcing the state to serve their ends'. When we adopt this approach to the state we are accused of reformist illusion, our attitude is that of ' "enlightened" labour bureaucrats'. Poor old Marx! hailing the Ten Hour Act, giving the struggle for it minute attention in *Capital*. The old chap was full of 'reformist illusions', he didn't realise 'that under capitalism workers will never be able to force the state to serve their ends'. Instead, he wrote, 'The Ten Hours Bill was not only a great practical success; it was the victory of a principle; it was the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working-class' (Inaugural Address of the I.W.M.A.). As to the present day, is not the use of the wide ranging powers of the state in the 'mixed economy' necessary if we are to impose any part of the 'political economy of the working class'? Kidron need not tell us that it is difficult, that it would involve struggle, would meet innumerable obstacles. What we object to is that he runs away from the attempt.

We confess to having read Rogow and Shore, and indeed to encouraging others to do likewise. However, the particular problem of controls that R. and S. examined will not recur in the same form. The Labour government inherited a war-time apparatus of

controls in which 'big business itself administered the controls over business'. Consequently, when the major shortages which necessitated allocational controls were overcome the control apparatus disintegrated. Such an apparatus could not be used against, e.g., the cartels. Moreover, the Board of Trade, busy 'regulating' capitalism in conjunction with the cartels, soft-pedalled the use of the Monopolies Commission, and strangled the Development Councils - born 1948, died shortly after. It is at this point that Kidron gives up - there you are, capitalist state apparatus. But to give up is to demoralise people in our own ranks, to accept the total domination of decision-taking by big business. If Kidron runs away from this, where does he begin? We haven't 'solved' the question of what effective social controls can be developed, only practice will do that, but we consider that we were right to outline a combination of fiscal pressure and direct controls (*S.W.P.*, p. 40-45). Instead of apologising for such presumption, we have an article in the current issue of *Cartel* 'probing' this question of the influence of big business price fixing on inflation and discussing possible methods for exercising control with the objective of price stabilisation.

Kidron runs away from this under cover of the slogan, 'Full nationalisation and national planning'. All right, tell us where you begin? The question of how the nationalised industries are to be used is one of the decisive ones. Are they to be exploited and manipulated to stabilise capitalism? (John Hughes raised the question of the extent and character of this exploitation in *U.L.R.*, Summer, 1958.) Or are they to challenge the capitalist sector, e.g. by the policies they pursue inside their industries, by the pressure they exert through bulk purchase from capitalist firms, by producing the supplies they need in direct competition with capitalist firms? Obviously we seek a far-reaching transformation of the role of the nationalised industries. How is this to take shape except through exposing the use of the nationalised industries for what it is within the working-class movement, assisting the Unions which are directly subjected to the present exploitation and subordination of their industries, developing detailed proposals for change, and seeing that a labour government carries them out. We come back to Kidron and his attitudinising about the state. Do we tell the railwaymen and the miners that 'under capitalism workers will never be able to force the state to serve their ends'. or do we help them to challenge the system to meet their needs, and in so doing help transform it? Is Kidron really going to rule out this and all other real tasks by definition?

- *Socialist Policy in the Trade Unions.*

'Socialist Wages Plan' was not meant to be read as a comprehensive programme. Its focus is on prices, on incomes and their distribution. We left largely on one side major questions such as the future of nationalisation, which we have just touched on. But *S.W.P.* should be read as a plea to active Trade Unionists generally, to industrial 'militants', to ask themselves once again - 'What is a socialist policy in the trade unions?' We make our plea for a struggle against the prevailing sectionalism (seen at its worst in August's Morris motors strike over a shop steward sacking). We make our plea to recognise the case for a further levelling up of lower-paid workers. We want here to take the opportunity to explain why we consider that 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.

Our main argument is, of course, that money wage fixing in a monopolistic 'mixed economy' is not a process which is capable of determining *real* wages. 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:—

A. 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. Palpably, the economic well being of the workers in nationalised industry can only be secured by an end to the present exploitation of the nationalised industries - and that is a political question. Questions of wages, conditions, and status, here turn fundamentally on transforming the use of the state apparatus and industries. To limit the struggle to money wage demands, without raising the wider question, makes it possible for the government and press to set the worker-as-consumer against the worker-as-producer.

B. 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. In the main, Trade Unions in this country are bargaining with industry-wide cartels and associations. In such a monopolistic economy, the bargaining process alone offers little opportunity for squeezing profit margins. The danger here 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 alone 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 '.³ No socialist trade unionist can ignore this problem in an economy in which three-quarters of the women 'employees' are not organised into trade unions, in which the wages and conditions of the workers in the Wages Council trades stagnate or improve far less than those of well organised workers. We draw attention in *S.W.P.* to the slower rise in the lowest wage incomes (p. 18), and to the millions of men and women on little more than subsistence wages (p. 36). Money-wage-militancy cannot tackle the social and economic problems of ' the downtrodden millions '. Here again, we plead for a realisation that economic and social policies to meet their needs have to be fought for within and by the Labour movement. We believe that this too involves the socialist in the trade unions in looking again at the kind of political and economic strategy outlined in 'A Socialist Wages Plan'.

Ken Alexander,
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³ Marx, Resolution of Geneva Congress of I.W.M.A.