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C. A democracy owning property?

We have attempted to show that *Industry and Society*—though showing a certain awareness of some of the features of contemporary capitalism, and giving us some of the essential details, evades the critical point: the degree to which profit, power and position are organised and embodied in the giant corporations of modern industrial capitalism. Since the beginning of all health is to know the disease, it is hardly surprising that the policy proposals with which the pamphlet concludes are not fashioned for a real attack on these organising centres of contemporary capitalist power.'

The pamphlet proposes that public ownership of the "old-fashioned" variety will be a "right," held in "reserve" for "any industry which, after thorough enquiry, is found to be seriously failing the nation." The extension of "public ownership" to the profitable industries—if it takes place—will be through the acquisition of shares, either by investing the proposed National Superannuation Fund, to an undefined extent, in an undefined proportion of the shares of unspecified companies dominating unnamed industries, or by accepting the payment of death duties in shares and land, as well as cash.

Now some critics of the policy have argued that it only sketches a framework for the next Labour government; it makes it possible for the Government to do a maximum, a minimum or something in between. The crucial question is not the character of the programme, but the composition and bias of the next Labour Cabinet. According to this critique, *Industry- and Society* is not so much a policy in itself as a blank cheque upon which various, even opposing policies, may be drawn. The amount to be cashed is unspecified: it could (this argument implies) range from a few millions to a sum representing the assets of five hundred swollen oligopolies, depending upon what the future bearer decides. The only real commitment is that the currency in which the transaction is to be conducted will be not pounds, shillings and pence, but debenture, preference and ordinary shares.

A "wild deflationary scramble"

This argument ignores the informing bias and meaning of the document.

At no point is *Industry and Society* suggesting public ownership of the profitable sectors of capitalist industry. **Its** most ambitious proposal is that "the community should have the opportunity of participating in the almost automatic capital gains of industry." And the pamphlet sets its own, very narrow, limits to this participation. The acquisition of shares "will, of course, be made at full market values" (p. 57). Moreover, "it is not our intention that the Government should indulge in a wildly inflationary scramble for shares" (p. 40). In fact it is difficult to see how the acquisition of shares out of the Pensions Fund surplus *could* (at least in Labour's next term of office), physically assume the character of an "inflationary scramble" since "the surplus of contributions over pensions payments will be built up gradually" (p. 40). It will take Labour several years to accumulate a pensions surplus of proportions to compete with the vast investments of private insurance firms (based as they are upon decades of contribution by the provident). Moreover, if the State can buy, the State can sell. And in any period of greater financial stringency than the present—say in a more acute balance of payments crisis—the State will obviously be tempted to sell. At such times the pressure to sell may even become irresistible. And if a courageous Labour Government manages to resist those pressures to which—as Rogow and Shore have shown—the Attlee Labour Government succumbed, it will only need another Tory Government to solve some financial crisis by selling off the painfully acquired shares "in a wild deflationary scramble." In any event, the participation of the community in the almost automatic gains of industry depends upon those gains continuing, almost automatically. Yet, in fact, the present boom in equity shares may not last—in Labour's last period of office, the aggregate of securities quoted on the Stock Exchange actually *fell* by nearly £400 million. If capitalism runs into a deflationary phase, or if Labour is serious about the capital gains tax proposed in *Industry and Society,* automatic loss may follow automatic gain. If the boom really does taper off in Labour's next period of office, the almost inevitable final result of the present policy would be a "groundnuts" situation, which would do immeasurably greater harm to the ideals of public ownership than the weakness of post-war nationalisation.

Since the authors of *Industry and Society* accept the view that socialism is "about equality," and since they argue for their proposals that the transfer of shares "would contribute powerfully towards a better distribution of wealth" (p. 56), it is especially unfortunate that their proposals *guarantee* that no such transfer should, in fact, take place. Later in this pamphlet Clive Jenkins shows how the heavy compensation paid out to the nationalised mining companies led to a renewal, a veritable renaissance of Powell Duffryns: compensation received was re-invested in more profitable sectors of the economy. It is surely predictable that if the proposals of *Industry and Society* were operated, the shareholders, bought out "at full market prices" by a Labour Government, would treat the money, not as income but as capital to re-invest. Interesting new patterns of investment might emerge; government share purchase—provided it was reasonably timid and exploratory—need not inevitably or immediately produce an inflationary scramble for shares. But, of course, a shift in the incidence of private shareholding would not redistribute income in the way desired by the Movement and the pamphlet.

Industry and Society is quite unspecific about the direction of its share purchase policy—for that we have to wait until the next Labour Government, from its Cabinet vantage point is in "full possession of the facts" (facts available everyday to Stock Exchange jobbers). But the methods laid down for share acquisition automatically set specific and very narrow limits to its implementation and, therefore, to the degree of State ownership.

This is an especially sad conclusion, since the document is quite right to advocate the participation of the community in the profits of industry. It is true that if we are to have decent pensions for the old, the bereft and the infirm, to rehouse the millions in our slums and to refashion our cities into real communities, to attack the problems of mental illness (not to mention such longer-term vistas as the extension of the school-leaving age and the six-hour day), then the State will need every copper coin it can lay its hands on. To quote Professor H. D. Dickinson in *The New Statesman* of 9th March this year.

> "If the Welfare State is to survive, the State must find a source of income, of its own, a source to which it has a claim prior to that of wage-earner or profits-receiver. The only source that I can see is that of productive property. The State must come, in some way or another, to *own* a very large chunk of the land and capital of the country. This may not be a popular policy: but, unless it is pursued, the policy of improved social services, which is a popular one, will become impossible. You cannot for long socialise the means of consumption unless you first socialise the means of production."

Of course, if even a penny of capital gain or dividend can accrue to the Welfare fund from industrial profits that is all to the good. But surely once it is conceded that the profits of industry should be a source of social income, share acquisition by the usual market procedures, or by death duties, may be seen as a peculiarly slow and expensive road to profit.

Industry and Society, then, sets the severest limits on the possible new *income* which can accrue to the next Labour Government. But it is even less radical on control. Following through the theory of the separation of ownership from control, the authors declare on page 57 that "acquisitions of shares will be guided solely by investment considerations *and will not be aimed at securing control."* It follows, logically enough, that the managers and directors must not be replaced or interfered with. There is, we gather, to be a "code of conduct" applied to industry. But "we have no intention of intervening in the management of any firm which is doing a good job" (p. 49). Even if a firm receives investments from the Pensions Fund "there is no reason whatever to assume a changeover, in part or in whole, from private to public ownership, would of itself lead to any problem of operation or management. Lords Chandos, Glenconner and Waverley, Sir Alexander, Mr. Robarts and Mr. Worboys can be left safely in charge of a nationalised chemicals industry. To say this is not to indulge in the rhetoric of radicalism: a glance at the tables published later in this pamphlet will show that this has happened even in industries wholly owned and controlled by the State.

Thus State shareholding will buttress the structure of oligopoly. The famous, the classic capitalist argument that maximum welfare is realised through maximum profits will achieve its ultimate sanction—beyond the dreams even of the nineteenth-century ideologists—the sanction of the community embodied in the State. Having earlier implied an identity of interest between the managerial elite and the community, *Industry and Society* now proposes to complement this by creating an identity of interest between the State and the private shareholders. The State could not swell its own income without at the same time maximising the wealth of its private and corporate partners.

On their own definition of the function and aims of the managerial directorate of the large corporations, the authors of *Industry and Society* are quite logical in expecting their full co-operation with any plans the next Labour Government may have. After all, managers and directors are not large-scale investors. The policy proposals are informed by the theories of Adolf Berle (theorist of the "corporate conscience") whose belief that the "the waning factor is the capitalist" is twice quoted in the document. But if, as we hope to have shown, the capitalist shows no sign of waning, but is, in his institutional, corporate, representative capacity, waxing pretty|hard, we cannot afford to be so optimistic.