

THE INSIDERS

The scope of nationalisation

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If one compares *Industry and Society* with the Labour Party's earlier programmes, one is struck by the latter's sheer specificity. We have an excellent idea, on reading them, just exactly what is proposed to be done to the structure of industry once the party is returned to power. The industries to be taken over are named for the benefit of the electorate: in 1945 (*Let Us Face the Future*) fuel and power, inland transport, iron and steel; in 1950 (*Let Us Win Through Together*) sugar, cement, "appropriate sections" of chemicals, "all suitable minerals," water, meat importing and wholesaling, cold storage, insurance (the vagueness concerning chemicals and minerals is a clear fault, in these cases), but the area of intervention is at least located. In *Challenge to Britain* (1953), "a number of key machine-tool firms," a few mining machinery firms, any inefficient aircraft establishment, sections of engineering, and specifically named sections of chemicals. We may disagree with the priorities here stated—but at least the priorities are stated. In *Industry and Society* they are not. No single firm or industry is mentioned as ripe for nationalisation.

The excuse for this silence given by the pamphlet is curious. "Many of the facts upon which judgment must be based are simply not available to an Opposition Party; and—an additional complication in a period of great industrial development—the facts themselves can rapidly change" (p. 46). And yet previous policy statements have been able to name industries, or sections of industries. Were the facts then lacking in 1945, 1950 and 1953? And what of the enquiries already undertaken, in various Fabian Society publications, and above all in the detailed plans for their industries produced by the federations of building and engineering unions? We might at least have some indication as to why they are not considered adequate grounds for action.

Criteria

There is, however, a more fundamental respect in which previous Labour statements on public ownership prove themselves superior to the latest version. The range of criteria, by which a firm or industry is to be judged suitable for nationalisation is, as implied or expressed in *Industry and Society*, unprecedented in its narrowness. Only we are told: Labour reserves the right to take over "any industry or part of industry which, after thorough enquiry, is found to be seriously failing the nation" (p. 57). It is safe to interpret this as meaning that only inefficient firms will be nationalised. If the prosperous oligopolies are "serving the nation well" (p. 48), we can take it that those to be stigmatised as "seriously failing the nation" are the gimcrack, limping enterprises which are not delivering the goods: the machine-tool firms, for instance, accepted in *Challenge to Britain* as ripe for the take-over.

So we have, vaguely put in order to satisfy everybody, the old "inefficiency" criterion for public ownership. This, in application, saddles the State with enterprises run at a loss, or requiring heavy capitalisation, and consequently perpetuates the situation in which the public sector provides services for the prosperous capitalist sectors of the economy the butt of all the Press—for its failure to pay its way.

By contrast, the criteria which were predominantly advo-

cated by the T.U.C. report of 1944, *Post-War Reconstruction* appear to be far more complete. In this report, nationalisation was stated to be appropriate:

- (i) where an industry is basic to the economic well-being of the country; where the extent of its efficiency has important repercussions on the efficiency of other industries;
- (ii) where a monopoly exists and works to the detriment of the public.
- (iii) where an industry seems to be in need of large-scale investment, and where private ownership seems unlikely to provide it;
- (iv) where a section of industry is closely dependent on the State for orders;
- (v) where an industry is largely engaged in providing goods for defence purposes.

The *Interim Report on Public Ownership* adopted by the T.U.C. in 1953 envisaged broadly similar criteria for the transfer of an industry to public ownership. And *Labour and the New Society*, the policy statement issued by the Labour Party after its precarious return to power in 1950, presented three "tests" by which the suitability of an industry for nationalisation could be determined. These were: if it was an industry "on which the economic life and welfare of the community depend . . . (and which) cannot be safely left in the hands of groups of owners not answerable to the community"; if it was inefficient; and if it was a monopoly.

These sets of criteria or "tests" differ from the policy of *Industry and Society* not merely because they are more numerous or more explicit. Taken together, they can be seen to assume an approach to the deficiencies of capitalist society totally alien to the latter document. *Industry and Society* is concerned from first to last with money-making: if a company is making money, then the State should buy shares in it; if, on the other hand, it is losing money, for itself or for the nation, then the State should nationalise it. Capitalism as a system of power, of (in Wright Mills's phrase) "organised irresponsibility," has no interest for it. True, there is the occasional genuflection to democracy ("it is hardly satisfactory that there should be no accountability whatever" on page 49, and the vague promise "to introduce appropriate forms of accountability and control" which concludes the pamphlet on page 59). "More definite forms of public accountability" are promised for the large firms, but these "definite forms" are never made definite nor given form in any way throughout the statement.

This atmosphere of unreality is particularly strange when the earlier Labour Party and T.U.C. declarations are recalled. Here, the dangers of control by the irresponsible few are frankly recognised, and public ownership is specified as the community's answer to the problem. The criterion of inefficiency takes its due place alongside the considerations of power, of control, which are behind most of the 1944 criteria and the "tests" of 1950.

In the opinion of the authors, Labour's traditional post-war criteria for nationalisation are perfectly adequate for the pragmatic, programmatic task which *Industry and Society* has failed to undertake: that of specifying a list of industries

or parts of industries whose ownership should be socialised in Labour's next term. Indeed, the strategies of office make it essential that such a list be drawn up officially *before* the next election. Otherwise, if the advice of *Industry and Society* is followed, a long part of the Labour Government's five years will be wasted while the "official enquiries" beloved of the pamphlet (p. 47) are successively instituted, completed and debated by the Cabinet. The fiasco of steel nationalisation during the post-war term of office surely proves that sweeping measures of social ownership cannot be left in storage for years. In the period of waiting, the threatened private interests, powerfully supported by the employers' organisations (F.B.I., Aims of Industry, Economic League) and by the Press, have ample opportunity to feed skilful propaganda to a public whose enthusiasm for Labour is bound to diminish as inaction succeeds the glow of electoral victory. If steel had been taken over at the same time as the mines and railways, the success of the industry under nationalisation, evident later for only a brief period, would have become established; the Tories would never have dared to pass it back into private hands. The research must be carried on now and completed soon. What is needed is a list of named industries or firms to present to the people as "Labour's policy on future public ownership" (which is what *Industry and Society* claims to be, but is not). It is, when all is said, only fair that the electorate should know what Labour wants to do about capitalism.

Naming names

In our view, such a list would name as priorities for public ownership something like the following:*

(1) *Investing Institutions*: that is, the large banks, insurance companies and investment trusts—the king-pin of Britain's "corporate rich." Unless these concerns are nationalised, proper Government control of the scale and direction of investment becomes impossible. Rogow and Shore, in their admirable study *The Labour Government and British Industry*, cite conclusive evidence showing that the joint-stock banks in 1947-51 consistently disregarded Treasury memoranda on the volume of investment, and in the allocation of advances markedly preferred "de-priority" groups of industry to "priority" groups (*op. cit.*, p. 29). The massive and unchecked role of the insurance companies in contemporary investment (of which this pamphlet earlier gave some indication) cries out for public supervision, which can only come through some central Department of Finance and Investment responsible to Parliament. Insurance is in any case, in its role as a service, in dire need of national co-ordination with State schemes.

(2) *Building and Civil Engineering*: the building industry itself is a notorious chaos, with an average one employer to every eight operatives. It is highly under-capitalised, apart from the few large firms employing over a thousand men, who monopolise heavy construction (including civil engineering). Smaller concerns deal with houses, which they build speculatively and rather inefficiently. Despite the country's housing shortage, there is increasing unemployment among building workers: the latest figures available show 52,000 unemployed for February of this year compared with 24,000 in December 1955.

The plan for the nationalisation of the industry produced by the National Federation of Building Trade Operatives envisages outright State ownership of all firms employing over 20 men, and the establishment of a Ministry of Building as executant authority, and a National Building Corporation, representing all sides of the industry, as

* Colonial based companies are discussed in another section of this pamphlet.

planner. The smaller enterprises would be left in private ownership to compete with the Ministry of Building's national pool of labour and equipment, and with the direct labour departments of local authorities. Building Guilds or Co-operative Building Societies would be given a separate status.

The building materials industry is a hive of monopolies and price-rings: the chairman of Mowlem's, one of the largest building contractors, has declared: "I do not know of a material used in housing of which the selling price of manufacture is not controlled by a combine, ring or other selling arrangement." The Party's earlier programmes decided on public ownership for the cement monopoly. The N.F.B.T.O. plan takes the logical step of proposing that all such combinations in building materials manufacture—covering in effect the entire industry—be nationalised.

(3) *The Land*: The Labour Party already plans to make all rented dwellings available for municipalisation. But if adequate town planning is to replace Subtopia, particularly in our city centres, all urban ground-space, whether occupied by rented houses or not, must be made accessible to public ownership.

The great landed estates of the countryside are a persistent source of inequality and social privilege. They should be transferred to the State for rationalised cultivation and for the recreation of ordinary people.

Measures of public ownership, carried out in the three areas of the economy so far listed, would constitute the first practical step in solving the housing problem. The abolition of the City's financial power would relieve local authorities of the fantastic burden of interest, which at present means that £6,254 has to be paid off *in interest alone*—equivalent by itself to a rent of 40s. Id. a week—for each £2,000 borrowed to build a house. The rational organisation of building consequent on the adoption of the N.F.B.T.O. plan would make a full-scale attempt at housing the people possible for the first time; private builders have for decades preferred the profitable construction of speculative semi-detached to the task of working-class housing, and are fast losing whatever little interest they had in the latter.

The liquidation of the materials monopolies and rings would cut the costs of each new housing community by millions: the social ownership of all urban sites would put an end to the corner established by real-estate speculators. This has resulted in the best sites being taken for large office blocks, while city housing departments cannot find the sites they need for comprehensive redevelopment, and have to pay exorbitant prices for what they can get.

(4) *Engineering*: The headings and (for the most part) the proposals of the *Plan for Engineering*, put forward finally in 1953 by the Confederation of Shipbuilding and Engineering Unions will be followed in the forthcoming discussion.

A number of metal industries are heavily dependent on the State, in the shape of a nationalised industry or a particular Ministry, for their orders. The *aircraft industry* is totally so dependent, not only for orders, but also for finance and development. It is, besides, grossly inefficient in the provision of both military and civil designs in any sufficient quantity. "The major risks are shouldered by the State, and the industry is directly or indirectly subsidised." (*op. cit.*, p. 12). The maintenance of private ownership in this area is therefore ludicrous.

The manufacture of *mining machinery*, of *heavy electrical equipment* and of *locomotives* are obviously ancillary to the public sector. Public ownership would make possible the rationalisation of their supplies needed by the N.C.B. and the British Transport Commission, and break the

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dubious power of the British Electrical and Allied Manufacturers' Association.

The *machine-tools* industry is the pace-maker for the entire engineering sector since it supplies the machines which produce machines. It is hence the supplier of armaments. Despite the fact that there is a large export trade in machine-tools, Britain is a new importer of these products, mainly from Germany and the United States. The industry as a whole is backward and fragmented. The necessity for its nationalisation was recognised unanimously by this year's T.U.C.

The *radio industry* is now tightly geared to defence contracts, is subject to a high incidence of unemployment, and tends to monopoly. It therefore qualifies for nationalisation under several traditional criteria, and the *Plan for Engineering* justifiably recommends public ownership.

Marine engineering is viewed in the *Plan* to be overripe for public ownership; its importance to national defence, its export value, the possibilities of radical change in propulsion design, the bad labour relations and conditions, insecurity in the face of seasonal fluctuations, all contribute to the soundness of this conclusion. The Boilermakers' Society maintains that nationalisation would allow "the formulation of an agreed long-term building programme with ship-owners and allocation of work to the most suitable yards in line with available raw materials; reorganisation on an area or river basis; re-equipment on modern technical lines to increase productivity; inclusion of shipbuilding in the national plan for production of heavy capital equipment and preparation for alternative work (e.g. on housing components) as the post-war building programme eases off; provision of a strategic reserve of shipyards and ships for defence purposes; improved welfare and training facilities; and progressive reduction of British shipbuilding prices from the monopoly levels at which they stand to-day." (*Our Case for the Nationalisation of the Shipbuilding Industry*, 1949.)

The *shipping industry* is generally discussed in conjunction with shipbuilding and ship-repair since these three industries are closely interdependent. It is usually agreed that, since "shipping, shipbuilding, ship-repairing and marine engineering are but separate links in a chain" (C.S.E.U. statement of December, 1949), the case for public ownership of shipping stands or falls with that for the maritime construction industries. The T.U.C. in 1953 in fact rejected public ownership for the maritime sector as a whole on the grounds of the "international ramifications" of shipping; whereas the "Confed," in its 1949 statement and again in the 1953 *Plan*, took the interdependence of the maritime industries as a ground for taking over shipping, once given the case for the nationalisation of ship construction. In our view, shipping in its own right presents a strong case for nationalisation. A united service of communication and transport was long considered by the Labour Party to be an immediate priority. The retreat from this aim, stated as late as 1934 in the Party's *For Socialism and Peace*, to the scope of inland transport only (in the 1945 programme and onwards) was quite unjustified. The shipping industry is, in time of recession, as dependent as shipbuilding on Government subsidies; and, in time of prosperity, a bastion of millionaire wealth. Its "international ramifications," viewed by the T.U.C. as a decisive reason against public ownership, form in fact the strongest grounds for making it accountable to the public through Parliament.

Recent developments in the *motor vehicles industry* have

brought renewed demands from car workers' representatives for its socialisation. The relative paucity of the car industry's research, its dependence on the export market and its oligopolistic nature suggested to the C.S.E.U., at the time of the *Plan for Engineering*, that a Development Council was called for. Now, when it is more obvious that the level of employment in the industry is contingent upon the fluctuations of the market and the advance of automation, more drastic measures seem necessary. If automation is to be engineered without causing redundancy, there must be a degree of union control over its introduction, and of re-training on full pay, that is evidently impossible under private ownership.

The *heavy vehicles* group within the industry is already closely connected with the municipal and nationalised passenger transport system. When Labour re-nationalises road haulage, the public sector will be by far the biggest buyer of heavy vehicles. The C.S.E.U. *Plan* advocated the nationalisation of a particular firm within this group, Associated Commercial Vehicles, which has a particularly close relationship to London Transport. In singling out this enterprise, the *Plan* was concerned to "provide a foothold for competitive public enterprise in commercial vehicle production" (*pp. cit.*, p. 51).

For purposes of control, a number of motor accessory firms should also be brought within the scope of a nationalised motor industry. We are thinking particularly of Joseph Lucas Limited, "the largest firm in motor vehicles," and of the tyre monopoly.

(5) *Chemicals*: The difficulty in the demarcation of this industry, stressed in *Challenge to Britain*, need not obscure the prime Socialist objection to this sector: the uncontrolled dominance of I.C.I. The facts that we have cited above—its unsavoury international connections particularly—together with its well-known monopolistic practices and basic position in the economy, make it imperative that Labour should not only repeat and clarify its pledges of public ownership given in 1950 and 1953, but produce detailed plans for both central and local control of the combine, on the lines demanded by the Chemical Workers' Union. I.C.I. is, despite its gleaming publicity machine, possibly the ugliest of all the oligopolies. It would be the utmost folly for a Labour Government to permit its reign to continue.

The *Pharmaceuticals* section of the industry demands separate attention, especially since *Challenge to Britain* omitted it from its list of chemicals sectors constituting the "main concern" for public ownership. This sector is, as far as the home market is concerned, completely dependent on the National Health Service. This dependence is parasitic in character; for the profiteering and dishonest practice current among patent drug manufacturers necessitates constant policing of brands by Health Service authorities, and the compilation of a "black list" of absurdly expensive remedies which doctors are advised against prescribing.

(6) *The Distributive Industry*: The pamphlet *Retail Giants*, issued by the Union of Shop, Distributive and Allied Workers, presents a staggering picture of concentration and amalgamation among the large distributive firms. The processes of merger in this sector are particularly difficult for the ordinary person to be aware of, since usually the firm taken over by the "giant" is allowed to carry on its locally known name. Great Universal Stores, for instance, is listed in the pamphlet as possessing over 120 subsidiaries, all under names with an individual ring

like "Waring and Gillow," "Weaver to Wearer," "Butterfield and Massies (Barnsley)," and the like. Since *Retail Giants* was published, "Gussies" have further enhanced their capital value by a number of other sweeping take-over bids.

Debenhams is listed in the U.S.D.A.W. publication with 71 subsidiaries, United Draperies with 26 (some of these considerable chains in their own right, like "Alexandre," "Fifty Shilling Tailors" and "John Collier,"), John Lewis Partnership with 23, Home and Colonial (Unilevers) with more than 50, Westons Bakery with over 60, while United Dairies and Express Dairy control respectively 37 and 29 separate dairy firms. When it is realised that each of these subsidiaries has probably dozens, if not hundreds, of branches, the huge power of these multiple combines becomes disturbingly apparent. Mergers of this kind seem to serve no socially useful purpose, but they concentrate power and fortunes into increasingly fewer hands. If every UNIVERSITIES AND LEFT REVIEW reader were to get hold of this pamphlet, or merely look up the subsidiaries of the named firms in the *Stock Exchange Yearbook*, he would be startled at the number of stores and manufacturing in his own locality that were parading under a name of their own but were actually under the complete control of Isaac Woolfson, Garfield Weston or some other City magnate. Stores in his home town that were apparently competing to splash the local ads. for his custom would reveal themselves as cogs in the same, distantly based oligopolistic machine.

The Labour Party should select a number of these vast firms for public ownership in its next period of office. A centralised form of ownership has disadvantages for most of the distributive industry; shops and stores play their essential part functionally and psychologically within the locality and should be subject to primarily local control. In exercising such control, both the municipality and the local Co-operative Society have obvious claims. The

municipal claim would be based on the planning interest obviously possessed by the town council, and by the easing of local authority finance that would ensue from this form of socialisation. For certain commodities, on the other hand, the Co-operative claim is very strong. "Local government boundaries now have no necessary relation at all with the most economical areas for the delivery of bread and milk. . . . Municipal boundaries would be found to run directly counter to the natural radial extension of such services" (*Social Ownership and Consumer Problems*, Co-operative Union, p. 14). Perhaps the best plan would be for a Labour Government to turn over a number of the department store combines for local authorities to work if they chose, and to endow with a Co-operative structure some of the distributive oligopolies that specialise on the whole in milk products and bread (Westons, United Dairies). A certain amount of experimentation with chunks of the distributive sector is necessary before any more all-embracing policy is adopted. Throughout, an approach of "diversity, not uniformity" should be adopted. "We do not visualise municipal enterprise and co-operative enterprise as rivals, each inimical to the healthy growth of the other. We believe that there are yet great spheres for each to conquer, not in conflict one with the other, but jointly, to the social benefit of the consuming public" (*Social Ownership and Consumer Problems*, p. 15).

These proposals may be open to disagreement. But they are specific. The trouble with *Industry and Society* is that its authors, attempting to find a completely new framework for Labour rethinking, have reached over a large number of detailed proposals put forward by people who ought to know most about their specific industries—the workers and trade unions. The trend away from the enumeration of practical detailed proposals is to be deplored. The trade unions have shown that they can produce such a programme; and that we have the practical and analytic talent within the movement to mount it.

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