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INDUSTRIAL STRATEGY

THE E.M.S

WHAT IS IT AND SHOULD WE JOIN IT?

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THE MARXIST

"In all the practical work of our Party, all correct leadership is necessarily 'from the masses, to the masses'. This means: take the ideas of the masses (scattered and unsystematic ideas) and concentrate them (through study turn them into concentrated and systematic ideas), then go back to the masses and propogate and explain these ideas, until the masses embrace them as their own, hold fast to them and translate them into action, and test the correctness of those ideas in such action.

Then once again concentrate ideas from the masses and once again go to the masses, so that the ideas are persevered in and carried through. And so on over and over again in an endless spiral with the ideas becoming more correct, more vital and richer each time. Such is the Marxist theory of knowledge."

MAO'S SELECTED WORKS

INDUSTRIAL STRATEGY

After the rhetoric of the election campaign Mrs. Thatcher is now faced with the reality of finding ways of reversing the de-industrialisation that has been taking place over several years. Failure to do so will give the lie to the Tory claims that they represent the national interest.

Denationalisation is no solution, for private enterprise will only accept the profitable section, with the remainder left to wither away in the absence of even larger subsidies than those given by the late Labour Government.

We do not necessarily agree with the methods used by the Labour Government or the ways that state aids were given to industry, but there are no indications that the record of the Conservatives will be any better.

Our criticism of Labour Government policy is that it was a series of piecemeal attempts to plug holes, rather than part of a comprehensive industrial strategy. Supporters of the Labour government would reply that a strategy is being worked out and point to the existence of the National Economic Development Committee.

The question that needs to be asked in this respect is whether in fact a strategy is being developed by this body and, if so, is it directed towards creating the material conditions for maintaining national sovereignty.

A Government White Paper issued in 1975 entitled "An Approach To An Industrial

Strategy" contained the following definition:

"The industrial strategy has, as its prime objective, the attainment of a high output-high wage economy. This can only be achieved by improving our industrial performance and raising the growth of productive potential. The task we face is nothing less than to reverse the relative decline of British manufacturing industry which has been continuous for many years."

It is hoped that the increased productivity will enable British capital to "increase market shares", in other words compete more effectively in the international rat-race. This has no long term value for the mass of the people at any time, but in the present economic climate it does not even have the advantage of short term gain.

If trade union participation in The Strategy is confined within these terms of reference, then it will indeed be dragged at the coat tails of the capitalist class. This underlines the need for the working class movement to have its own economic and industrial strategy for without one, all talk of a political strategy is so much hot air.

This is much easier said than done and we cannot afford to neglect the opportunity to learn from both negative and positive examples. We can begin by taking a look at the Industrial Strategy to which we have already referred, and to the role played in it by the Trade Unions.

The organisational structure created to carry forward the Industrial Strategy is headed by a body known as the National Economic Development Committee. It is composed of national leaders of the TUC, the CBI, the nationalised industries, government representatives, and the Director-General of the National Economic Development Office. It is usually chaired by the Chancellor of the Exchequer.

In carrying out its functions it is assisted by the constituent parties who submit papers for its consideration, and by Economic Development Committees and Sector Working Parties which the Council establishes to study and make reports on individual sectors of industry. Each of these committees is also composed of representatives of unions, employers, and government representatives.

All of the committees are serviced by civil servants from the National Economic Development Office which provides the secretariat and furnishes advice. The N.E.D. office is funded by the government but is independent of it - nominally, anyway.

Objections are raised in some quarters to trade union participation in these committees on the grounds that it is class collaboration, and therefore wrong in principle. We take the view that class collaboration in the sense of the working class surrendering its independence to the capitalist class is primarily a question of political line, with organisational form subsidiary consideration.

The important thing is that working class representatives on joint committees must have an independent political, economic, and social perspective if they are not to

be driven off course by the arguments, blandishments and pressures of the capitalist representatives.

The long term perspective is the conquest of political power by the working class as the prime condition for establishing a socialist society.

In the historical period leading up to this there will be many stages. The present one is that of strengthening national independence. In the process of completing this stage the working class is in a favourable position to strengthen its footing vis-a-vis the capitalist class because it is the only class in society whose interests are fully and completely in conformity with this aim.

The extent to which the working class strengthens its leading role in society will be determined by the initiative that it shows in formulating and fighting for policies designed to achieve a more balanced, self-reliant economy. In so doing, it will be compelled to make inroads into the political and economic power of capital, particularly in progressively limiting the operation of market forces.

It is from this standpoint that we judge the policies and actions of the trade unions, the employers, and the Government.

The capitalist class

In general, this class is almost exclusively concerned with obtaining the highest rate of profit on capital invested in the shortest possible time, and the social consequences that arise from this are rarely considered, and even more rarely counteracted.

This is not due to some innate moral degeneracy of those people who make the decisions, but to the constraints put upon them by the desire to survive in the jungle that is capitalism. Those enterprises which yield a lower rate of profit than the average are, if market forces be the determinant, doomed to extinction. No amount of moral appeals can alter this fact of life.

Even so, there are areas in which the short term interests of specific units of capital coincide with the interests of the working class; or to put it another way, there are areas where the interests of some sections of the capitalist class coincide with the national interest as previously defined.

The relationship between labour and capital at the present stage is therefore one of unity and struggle.

The points of conflict include wages and conditions, export of capital, whether profitability should be the determinant of whether a particular factory or branch of industry should continue in production.

Points on which unity can be established include opposition to import penetration, transferring of resources into the manufacturing sector.

The Trade Unions

Although there are differences in the emphasis which individual trade unions put on certain aspects of economic policy, they do not amount to differences in principle.

The T.U.C. Economic Reviews give a good indication of general official trade union attitudes.

In the Trade Union Congress Economic Review for 1977 (p.36) it was recalled that the genesis of the Industrial Strategy was at the 1975 Congress.

"The General Secretary called for a new industrial strategy setting out objectives for 1980 and the growth path to 1980, but said that planning had to be brought down from the rarified heights of Millbank Tower (the N.E.D.O. headquarters) to the decision-making level of the company. The T.U.C. wanted a strategy for jobs, for industry and investment, for prices. The TUC commitment to the joint running of the economy had to affect all the features such as these or none at all. The policies being pursued by the TUC for economic growth and a reduction in unemployment are therefore a key part of the industrial strategy."

In later Reviews this was again emphasised:

"The Industrial Strategy is designed to ... strengthen the U.K.'s manufacturing base and maintain the role of manufacturing in the economy. The TUC's particular emphasis is on the need to create the conditions to allow an expansion of employment." (p.34, 1978)

It was also understood that this could not be left to market forces.

"The Industrial Strategy means that there will have to be industrial change but change of this nature cannot be left to the operation of the market. The Government has a key role in facilitating change to allow social needs to be met as well as financial ones." (p.35 1978)

"The debate about new technology and the associated change is not about whether it should happen but about how it should happen. One view is that greater reliance is needed on market forces and financial incentives. But the view strongly supported by the T.U.C. is that other motives than purely financial ones such as aspirations for greater security and equality are just as important." (p.24, 1979)

Having reached this conclusion, it would be reasonable to expect that proposals would then be made which would entail progressively severe limitations on the way in which market forces influence economic decisions.

Unfortunately, it soon becomes evident that the authors of the Report are concerned with nothing more than modifying the more socially unacceptable consequences of the market economy.

Shorter hours of work, and longer holidays are, of course, things to be desired, although these things in themselves do not proffer a solution to the many social and economic problems which presently afflict capitalist society. Even so, they are issues on which workers can be mobilised but the T.U.C. is inhibited from giving consistent leadership to such struggles due to its basic acceptance of market principles.

"A move to a normal week of 35 hours for all workers would clearly affect a large number of people, most significantly those in manual occupations, and potentially could have a significant effect on unemployment." (p.12, 1978)

One would have thought that to be effect-

ive in reducing unemployment this would have entailed maintaining the same value of output per man hour, but it goes on to say,

"substantial increases in hourly productivity are, however, possible as a result of current under-capacity working and the likelihood of a higher physical workrate in shorter hours." (Our emphasis)

It then goes on to make some assumptions concerning costs, and draws the conclusion,

"Labour cost increases of this order are substantial and cannot be ignored. They point out clearly the need for action to be international so as to limit the effect on competitiveness."

At best it means holding back the attainment of shorter hours until the workers in the industrially advanced countries can march in step; at worst it means waiting until the workers in South Korea, Taiwan, Hong Kong, Mexico, etc. catch up.

This offers little prospect of shorter working hours now, but it provides an insight into the thinking of people whose minds are dominated by capitalist economics. We are in favour of international working class activity, but we reject the philosophy that everything must wait upon it.

The same subservience to capitalist economics is also evident in the TUC's attitude to other questions.

"There is no mystery as to why unemployment remains near the 1½ million level. In recent years the growth of output and demand has been below the productive potential of the economy...

the depth of the British recession is also due to the failure to boost demand at home. This is not to say that a simple expansion of U.K. income and output, even coupled with an upturn in world trade, would be sufficient to reduce unemployment. It is clear that the present recession has compounded the structural problems that particular industries, areas and occupations have faced. If unemployment is to be reduced without a resumption of rising inflation, then a boost to demand at home must be coupled by planning to meet this demand from domestic sources."

Unemployment

The 1978 Review quotes the Manpower Services Commission as having calculated that even to stop unemployment from rising between 1978 and 1981 there would have to be 600,000 jobs created in net terms. To reduce unemployment from the then seasonably adjusted level of 1,400,000 to 1,000,000 in 1981 would require the creation of over 1,000,000 jobs in net terms, whilst to begin to approach full employment by that time would require the creation of more than 1,600,000 extra jobs.

"There is no need for the T.U.C. to predict the social and political dangers of unemployment continuing at the current or higher levels indefinitely. In economic terms alone the cost of the present levels of unemployment is unacceptable. The National Institute for Economic and Social Research have estimated that if the present public sector deficit were calculated on the basis of a level of unemployment of 600,000 there would be a public sector

surplus of nearly £2 billion. An indication of the economic waste of unemployment is the size of the public sector borrowing requirement which in the current financial year is forecast to be between £7 and £7½ billion, although the need to limit the size of the Public Sector Borrowing Requirement (P.S.B.R.) was an argument used to justify the public expenditure cuts of 1976. The present level of unemployment is therefore costing the nation approximately £9 billion in the current financial year." (TUC Economic Review, 1978, p.8)

"High unemployment has social and economic costs which cannot be ignored in producing policies for a return to full employment. Recent Manpower Services Commission (M.S.C.) estimates show that the economy's loss in output through a level of unemployment of more than one million amounts to more than seven per cent of the Gross Domestic Product." 1979 Review, p.10

"Even if the economy is able to sustain relatively high growth rates over the next two or three years, this will create only about one million extra jobs which means that unemployment will still be unlikely to fall below one million before 1981. Moreover, growth rates of this order for the economy as a whole imply growth rates of at least eight or nine per cent for manufacturing industries. To get back to anything like full employment using orthodox demand management would require unprecedented growth rates of G.D.P. or more than six per cent in 1979 and 1980." (1978 Review, p.7)

This gives an indication of the magnitude of the problem, but of course the real difficulty does not arise from the technical aspects of increasing production but from the difficulty of finding markets for the additional commodities that would be produced.

Karl Marx demonstrated many years ago that this is one of the insoluble contradictions of the capitalist system.

Capitalists, whether individual or corporate, will only produce commodities if there is an expectation of profit at the end of the day but once this expectation is invoked, production is expanded as rapidly as possible in the hope of grabbing the lion's share of the market and hence the profit. In the course of this, productive capacity is expanded as though the market has no limit and ultimately reaches a point where supply exceeds demand; the price falls, and so does profitability, and production is cut back.

The car industry is an example. At the beginning of the seventies it was already apparent that, on a world scale, productive capacity was already capable of saturating the market, yet the manufacturers in every country continued to invest additional capital in the industry in the hope that they would become the most competitive and grab the biggest share of the available market. The present situation is that every car manufacturer now has surplus production capacity, although not necessarily in the most saleable type of car.

The steel industry is another example which needs no explanation.

All branches of industry do not necessar-

ily contract at the same time, but as the crisis deepens the surplus capacity becomes more general. In response to this the capitalists, both severally and as a class, seek to regain or retain profitability by cutting real wages (the current method is to keep wages down whilst allowing prices to rise) and by introducing new labour saving machinery so as to reduce the cost of producing each unit.

Usually it is the increased spending on fixed capital (machinery) that marks the beginning of the upward recovery phase of the trade cycle. The fly in the ointment is that the increased productivity which this engenders serves to increase the gap between productive capacity and effective demand.

As a consequence, the trade cycles are of shorter duration and the number of permanently unemployed grows with each completed cycle. One has only to observe the trend of events since 1945 to recognise that this theory is in full conformity with the facts. As they say, the proof of the pudding is in the eating.

Boosting Demand

On the surface, the gap between productive capacity and effective demand could be met by increasing the latter. This, however, is not so simple.

Broadly speaking, demand is the total amount of money in circulation and ideally it should equate to the values created in production. These values, through the medium of money, are distributed among the population in the form of interest, profit, rent, wages, social security payments, social services, costs of government administration, etc.

It is sometimes suggested that the problem can be resolved by increasing wages and reducing profits, but all this achieves is a redistribution of existing values and as the system runs into crisis, the situation arises in which both lack of demand and lack of profitability exist at one and the same time.

In the context of capitalist society this is a contradiction that is insoluble in any other way than by allowing the trade cycle to run its course.

In the post-war years an attempt has been made to resolve this contradiction by increasing government expenditure. This is financed by what is known as the Public Sector Borrowing Requirement. This is the amount of money that the government has to borrow each year to finance the difference between its total expenditure and its income, i.e. what it collects in taxes.

Theoretically, the P.S.B.R. is a means of regulating demand in the economy as a whole. It is a tool that could be used to good effect by a government intent on effecting a transition to socialism, but used as it is at present, it merely fuels the inflationary spiral. Hire Purchase has the same effect.

These and other methods of increasing the money supply temporarily stimulate demand, but as they are but means of enabling commodities produced this year to be bought with next year's wages, so to speak, it does not resolve the contradiction, it only postpones it.

Eventually the resulting inflation compounds the contradictions already existing within the system and reducing it becomes the first priority for the capitalist class, even

to the extent of retarding any movement towards strengthening the manufacturing base of the economy.

Callaghan made this clear at a conference on the Industrial Strategy in June 1977. He said there were two main overall objectives for the country at this stage -

1. A reduction of the rate of inflation to a level comparable with that of overseas competitors;

2. A reversal of the decline of manufacturing industry in the U.K.

The first was the Government's supreme objective. (Our emphasis).

It is likely that a reduction in the rate of inflation would tend to bring about a reduction in interest rates and if this happened it would be beneficial because it would reduce the interest burden on industry, local authorities and central government, as well as to those buying their own home on mortgage.

Our objection to the F.U.C. approach is that it concerns itself too much with considering how to create the market conditions which will (it is hoped) bring about a reduction in interest rates.

We have in mind the support for wage restraint. The main intention of this was to reduce wage-push inflation in the hope that the prospect of a lower rate of inflation would reduce interest rates, but experience has shown that there are many other factors besides wages which affect interest rates.

By doing things this way round, especially if the 5% ceiling had been accepted, the sacrifices are made by wage earners. By start-

ing at the other end; i.e. reducing lending rates for socially necessary projects, accompanied by strict price control, increases in things like rates, fares on public transport, housing, essential foods, and fuel, could have been kept down, thus reducing the incentive for big wage claims.

Of course, this would have necessitated a sharp power struggle to bring the financial institutions to heel, so the issue has been avoided and market manipulation used as a substitute.

Whilst recognising the effect of a high level of public sector borrowing, the T.U.C. makes out a case for it continuing and states its opinion of what the priorities should be. It calls for increased spending on Health, Education, Pensions and other Social Security payments, Housing, Public Transport. These are some priorities that cannot be faulted, but when it comes to things like the Small Firms' Employment Subsidy, the Temporary Employment Subsidy, the Restructuring Assistance Scheme, and the many other subsidies to industry, then a very critical appraisal is necessary.

Although some of these latter proposals offer some short term relief to sections of the working population, the whole package is merely a measure calculated to assist the present system to emerge from the trough in the current trade cycle. Even if it is successful in this respect, it will in no way prevent its recurrence, and much less will it prevent the number of long term unemployed from increasing at the bottom of each subsequent cycle.

In progress towards ultimate elimination of the trade cycle, ways must be found to progressively restrict the area in which

market forces call the tune. A step in this direction would be to restrict the effect of world market fluctuations on the domestic economy. This can be partly accomplished even within a capitalist framework by making the domestic economy more self-reliant.

By this we mean that we should use our own raw material and manpower resources to the utmost in providing for our own needs.

A good starting point for this would be to concentrate our efforts immediately on reducing import penetration of our home market. Statistics show that Britain imported 17% of its needs in manufactured goods in 1970 and by 1977 this had risen to 25%. In the light of this it can be appreciated that if these needs were met from domestic sources it would benefit the people of Britain in many ways, not least in employment.

The first thing that springs to mind when considering this is that it would, initially at least, entail some form of protection for domestic industry; for example, restrictions on imports and state subsidies to selected industries.

State subsidies to industry is already a well established feature of all capitalist societies but, as we have remarked earlier, in most cases they are for the purpose of preparing for the recovery phase of the trade cycle or, as the T.U.C. puts it, "preparing for the upturn".

They are also necessary for some industries in order that a defence potential be maintained, but there is no clear division between the two. Whilst it is always essential to have an eye to probable defence

requirements, it is quite likely that the productive potential in, for example, steel and shipbuilding, is already excessive in view of the well known fact that more and more countries are aiming to build their own vessels.

This underlines the need to restructure the economy so that new industries can be introduced in areas where old declining industries must, of necessity, be phased out. This is not a new idea; it is just that the use of subsidies to supplement market forces as employed in the past has failed to bring it to fruition.

Companies have pocketed millions of pounds in the form of subsidies and tax concessions given for the purpose of opening up factories in depressed areas, but have quickly withdrawn as soon as they came to an end. In the past, even capital equipment bought with government funds has been appropriated by companies and used elsewhere.

There has been a tightening up by Government departments on this and similar scores but it is unavoidable that a capitalist will regard a subsidy first and foremost as a means of supplementing his profits, with the social reasons for introducing it coming among the also rans.

Not to put too fine a point on it, subsidies encourage corruption. The problem is how to ensure that when they are essential they are under full public scrutiny.

The industrial Strategy Committees do not and are not intended to concern themselves with how to achieve self-reliance, but one aspect of their work is concerned with restricting import penetration. This is in

line with the T.U.C.

"The key to a successful sustained effort to revive manufacturing industry is therefore the setting of firm import penetration targets In the past, upswings in the economy have been arrested because imports threatened the balance of payments. However, this time North Sea oil provides an opportunity to provide steady growth for U.K. output. It is therefore vital that import penetration is not allowed to increase as a similar chance may never occur again." 1979 Review, p.33

It has been said that the results obtained by the Industrial Strategy to date could have been achieved by other, simpler, less costly methods. When one considers the numbers of civil servants engaged in the exercise and the vast sums disbursed to employers, it is to be hoped that this is true; otherwise the path to socialism will present problems that may well nigh be insuperable.

Having said that, the fact remains that the Economic Development and Sector Working Party committees, and the civil servants associated with them, have done a great amount of work in identifying some of the obstacles to meeting demand from domestic sources. For instance, in the food and drink processing industries there were many examples of U.K. companies who were unable to purchase U.K. machinery.

Problems caused by component industries such as pumps, valves, hydraulics and pneumatics through late customer ordering have also been identified. Orders for automation equipment have gone abroad because of lack of co-ordination between manufacturers

of software, hardware, and machine tools on the one hand and poor or non-existent contacts with potential users on the other.

Steps have been taken by a number of Sector Working Parties to improve customer-producer relationships and make them more systematic. Bottlenecks are another cause of frustration which have little to do with strikes.

For a number of reasons which include the excessive influence, even control, that accountants now exercise on production, and the high interest rates which make stock holding a very costly business, manufacturers tend to keep stocks below practical levels. The consequence of this is that when orders are received, there is often a time lag of six months before it can be met because of the chain reaction as each component manufacturer requires time to overcome stock shortages.

These Committees are valuable insofar that they can see a bigger picture of the situation than can be seen from shop floor level, but more cross fertilisation is needed with the shop floor deciding its own objectives and its own pace.

The I.U.C. goes some way towards this when it says that "planning must be brought down from the rarified height of Millbank Tower" (the NEDO headquarters), but most of its proposals in this respect can only be described as pitiful.

An indication of this is given in the pamphlet "Industrial Strategy, a Checklist for Trade Union Representatives", issued in 1978. One or two of the suggestions, such as co-ordinating the activity between shop stewards' committees through the setting up

of combine committees can hardly be said to be breaking new ground, except perhaps as a belated admission of their usefulness after many years of hostility from union officialdom.

Suggested questions for shop stewards include:

"What rate of growth in demand for the company's products is forecast over the next three, five and ten years?"

"What rate of growth of output is the company planning for over the next three, five and ten years?"

"Will companies consider measures needed to promote exports and plan for the consequential increase in output and employment?"

There is not even a hint that the Trade Union members in the company should formulate their own ideas regarding the uses to which productive capacity should be put. All that the shop stewards are being advised to ask is that the company should try to be more accurate in anticipating market trends.

Apart from the facile nature of the suggestions, the obsequious way in which they are drawn up is sickening and betokens a 'peace at all costs' outlook.

This is also evident in the section dealing with import penetration:

"Is the company aware of the sectoral targets?"

"Can a new lower target now be set?"

"Are companies planning to increase their output and sales to replace imported goods and meet the sector import penetration target?"

"Will companies review purchases from abroad and the extent to which requirements could be met from U.K. sources?"

"Unions in the distribution sector should press for full information on purchases from abroad. Can distributors switch purchases to U.K. goods?"

Information is to be requested, but no mention is made of workshop pressure to be used if the company unwarrantably refuses to switch to U.K. goods.

Notwithstanding this milk-and-water approach, the TUC's advocacy of extended collective bargaining at domestic, as well as national, level has a very positive aspect and in this respect it is ahead of the general movement where collective bargaining is almost completely limited to pay, conditions, and hours of work of the particular section involved at the particular time.

Whilst these things are basic and must not be neglected, concentration on them to the exclusion of broader, more fundamental questions has weakened the movement in the sense that it offers no perspective other than a perpetual scramble for higher wages to meet a never ending increase in prices.

At the present time, sectional interests prevail, with the overall interests of the class being disregarded by the working class itself. The so-called Left in the movement is becoming increasingly isolated from the masses and a genuine Left is effectively non-existent. These are facts

that cannot be avoided; the question is, what can be done?

The political objective, in our opinion, must be to strengthen the leadership of the workers at factory level as a step towards exercising it at state level. At this point in time, this can best be achieved through the use of extended collective bargaining to take the movement beyond the stage of trying to live within the system.

This does not mean that the industrial working class must try to bludgeon all the other classes into submission. It must exercise its leadership on the principle of uniting the many against the few at every level of activity. It will involve a skilful combination of unity and struggle.

For instance, there is a unity of interests between all employees, including managers and even shareholders, in (say) the machine building industry when they are faced with a falling off in orders due to import penetration by foreign manufacturers.

At the same time, there is a conflict of interests when it comes to wages, prices, and profits.

A conflict on the latter should not allow unity on the former to be impeded but, in practice, the two aspects are not in isolated, separate compartments.

When price is a major factor management will use it as an argument to keep wages down. One response to this is to refuse to accept that workers must bear the brunt of cost reduction, whilst raising the question of excessive management overheads and high interest charges on money borrowed from the banks. The latter is a thing that cannot

be resolved at the level of the company, but there should be more to collective bargaining than talks in the office between stewards and management.

It is essentially the art of presenting the case in such a way that the workers are taken step by step along the way so that, in the event of reason failing to move management, they are prepared to use their industrial muscle.

By using this method, workers can be brought to appreciate the important part that interest rates play in escalating costs and prices. If this takes place on a wide enough scale, it could focus attention on the anti-patriotic activities of the City and lay the basis for concerted action against it.

As part of this, a good case could be made out for positive discrimination as regards interest rates in favour of the production industries and essential services such as railways, as an alternative to subsidies.

The problem is slightly different in the user industry. Here the management may have what appears to be valid reasons for preferring foreign made equipment or components but often it is more a matter of expediency. Investigation is required and in this event the relevant Sector Working Party can be of some help.

There is already a certain amount of discreet pressure placed upon users of capital equipment in one way or another via the Industrial Strategy committees but they have to be careful not to make it too obvious lest the GATT and EEC regulations governing 'free trade' are invoked against them. How-

ever, shop stewards and trade unions are not party to these agreements and cannot be discriminated against if they flout them. 'Unconstitutional' pressure from this quarter could, on occasion, provide the authorities with a welcome excuse for avoiding compliance with them.

Combine shop stewards' committees could be broadened in scope so that they have sub-committees for the purpose of making contacts between stewards in the user and producer companies. The immediate purpose would be to establish 'trade' between the companies concerned, but it could be the basis for building greater class solidarity and hence greater potential power.

To be politically effective, the scope of collective bargaining must be progressively extended until it embraces all aspects of management. In doing so, account must be taken of the possible economic, social, and political consequences of every decision.

In the early stages, the main pressure should be directed towards forcing management to choose from the practical options open to it - the one which will assist import substitution.

If the questions in the Checklist are viewed in this way, they could be the opening gambit.

Although the stemming of import penetration will create more jobs in manufacturing industry than would otherwise be the case, there is no room for illusions that this alone will solve the problems of unemployment, economic stagnation, and so on. It can, however, be the stepping stone to the next stage, a more self-reliant economy but only if that idea is grasped and adopted as

CONTINUED ON PAGE 25

THE E.M.S

What is it and should we join it?

Last December, the British Government announced to the summit meeting of EEC leaders in Brussels that Britain would not yet be joining the European Monetary System. At the same time Callaghan reaffirmed his administration's commitment to the goals underlying the EMS and wished the venture well, a commitment shared by the then Opposition.

The option to join in remains open for Britain and will again be considered later this summer. So what is the EMS? What is the aim behind it? What does it involve for member states? Should we be part of it? This article attempts to answer these questions.

The Broad Objectives

The EMS is a scheme whereby exchange rates between the European currencies should be more or less fixed within clearly defined limits or 'bands'. The aim of the scheme is to create a zone of monetary stability in Europe.

Stability would enable trade to be promoted between the members because firms would be better able to calculate the price of their exports and could therefore plan in an atmosphere of reduced risk. In effect, certainty over exchange rates would make the rest of the EEC more of a domestic market. And by removing the temptation to devalue currencies to boost exports, the general rate of inflation throughout Europe should (everything else being equal) in theory fall.

While the value of the U.S. dollar remained stable on the international money markets there was little call for such a scheme in Europe. But the dollar has been in relative decline since the early 1970s and in Europe and elsewhere the West German D mark has more and more become the currency in which traders and speculators wish to deal. In times of dollar weakness the mark tends to appreciate not only against the dollar but against other Community currencies, and by an amount larger than justified by the low inflation rate in Germany. Consequently, German exports have become more expensive and therefore less competitive. It is no surprise, therefore, that Germany has consistently championed the EMS.

It should be said at this stage that the desire for monetary stability in Europe is not confined to the Europeans. Massive fluctuations in relative European currency values do not benefit other states and the EMS venture is supported by the White House. Monetary stability is a goal pursued by all capitalist states engaging in multilateral trade.

How Should It Work?

The value of a currency on the international money markets depends upon a number of factors, most important of which is the material wealth which the currency represents. Confidence in the currency by the international business community will also depend upon the economic, monetary, and social policies pursued by the domestic authorities which influence political stability, the

rate of inflation, industrial performance, and so on.

It follows that, in the absence of central political control over the affairs of the European states, long term stability of exchange rates can only be guaranteed if the member countries pursue common domestic policies and if a common currency is adopted. Samuel Brittan, writing in the Financial Times last November, put the problem succinctly:-

"Why should an international trader or an OPEC holder give up his preference for the mark simply because an EMS of problematic duration has been announced? This 'problem' can be resolved in the end only by a genuine monetary union in which marks, francs, guilders and so on were simply local names of a single currency."

As the forerunner of the common currency, the EMS establishes an accounting unit - the European Currency Unit - the value of which reflects the distribution of trade between the members of the system. Exchange rates between the various member currencies, in other words bilateral exchange rates, will be related to the value of the 'ECU' and will only be allowed to fluctuate around an established norm by a margin of 2.5% either way. (6% either way in the case of the new entrants Ireland and Italy.)

If the divergencies exceed these limits the domestic authorities will be required to correct the fault by one or more of the following measures:-

- (a) diversified intervention
- (b) measure of domestic monetary policy
- (c) changes in central rates

(d) other measures of economic policy

'Diversified intervention' broadly means the purchase and sale by the central bank of its holdings of other currencies according to whether the domestic currency is respectively perceived to be too 'strong' (overvalued) or too 'weak' (undervalued).

'Measures of domestic monetary policy' refers, for example, to controlling the domestic money supply by regulating the printing of new money or changing the Bank Rate to influence interest rates.

'Changes in central rates' would be made if the existing rates were no longer 'realistic'. The EMS is designed to avoid massive and sudden changes in exchange values. It cannot, in the absence of identical monetary and economic policies throughout the Community, guarantee any particular rate, and the proviso allowing the rate to be altered recognises that currencies will be revalued or devalued in accordance with what the capitalist class of each member country claims to be in the national interest.

'Other measures of economic policy' could well involve the type of restrictions on deficit financing which the IMF placed on Britain in 1976 as a condition of the loan, for example, reducing state expenditure on industry or social welfare.

Measures (a), (b) and (c) are already taken by national Governments, whether inside or outside the EMS and the realities of capitalist multilateral trade have a great influence upon the internal policies pursued by purportedly sovereign states. The EMS regime is different from the present arrangements, however, as it would im-

pose penalties for failing to adopt the appropriate course.

Having considered how the EMS should work, perhaps we ought to ask, will it work? There is no consensus of opinion on this and the answers given largely reflect the stand taken by the particular individual or body on the debate on European union.

What is, however, beyond doubt, even among capitalist economists, is that the relationship between the member states will not be a partnership of equals. Roland Vaubel, a professor of Economics at Kiel University, West Germany, who has reputedly spent the last six years writing a book on the EMS, said in a speech in London last December:

"With or without intervention, parity systems can only function consistently if there is a hegemonial or dominant currency. If at all, it will be the smaller countries which adjust to the larger countries. This is because for the smaller economies, being more open, the benefit of exchange-rate constancy has a larger weight as compared with domestic price level stability than for the larger countries.

The hegemonial currency role is then performed by the currency of the largest economy in the region - like the U.S. dollar in the Bretton Woods system or the Deutsche Mark in the 'snake' - because the largest economy and its currency tend to account for the largest share in the international trade and capital transactions of the smaller countries and because the largest economy, being least open vis-a-vis the rest of the world, can best afford to adopt a purely passive exchange rate policy."

(F.T. 7.12.1978)

And this really is the nub of the problem as far as Britain is concerned. Would membership of the EMS involve a loss of national independence and sovereignty that would outweigh the benefits to be derived from closer co-operation with Europe?

The Government View

The last Labour government laid down several pre-conditions for Britain's entry to the EMS. Most importantly, the EMS should

- favour economic growth in the world economy
- provide for 'symmetry of obligations' for strong and weak economies
- not damage the U.S. dollar and the international monetary system
- entail a progressive shift in resources from the strong countries to the weaker countries (thus involving a consideration of the workings of the EEC Budget and the Common Agricultural Policy
- be durable
- be backed by adequate funds

The TUC, while expressing general opposition to the EMS, stated that if there were to be conditions placed on participation, Callaghan had picked the right ones. The Conservatives were, to all intents and purposes, silent on the subject.

In practice, these conditions led to differences with the other EEC states, particularly Germany and France, on the following issues.

First, on the determination of exchange rates - whether divergencies in currency values should be looked at bilaterally as one against another on what is termed a 'parity grid' basis; or whether the overall divergencies of all member currencies should

be measured, on a 'basket' basis. The distinction is important because it lays the responsibility for intervention to correct divergencies on different shoulders. This was best illustrated by the Financial Editor of the Sunday Times in an article last November:

"Suppose that the pound falls to its lowest permitted level against the D-mark. Whose fault is it, and who should do something about it? Traditionally, the weaker party has to act, whatever the justice of the case. Britain and other countries argue that you should look not just at one currency against another, but at what is happening to the whole basket of European currencies. If, for instance, the pound falls a maximum 6% against the D-mark, the lira falls 4% and the Belgian franc falls by 1%, it is clearly the Germans who are out of line. They should support all the other currencies at their expense and boost their economy, not expect us to cut back. Even when things are not so clear cut, the strong should take just as much responsibility as the weak to get back in line. The system should be prejudiced in favour of growth."

(S.T. 26.11.78)

Britain had entered the existing European fixed exchange system, the 'snake', in 1973 but was forced out after only six weeks as the value of Sterling could not be maintained against the D-mark. (France had tried twice to enter but it, too, had been forced to leave.) The Government was clearly in no rush to relive the experience.

Second, on the question of 'resource transfer' - whether the more prosperous EEC members should finance the participation of

the weaker countries in the scheme. Britain, Ireland and Italy believed that the transfer of resources was essential to ensure that the burden of stabilising exchange rates fell equally on all members. After all, if disparities between currencies reflect real economic disparities, the root cause should be tackled.

When Germany, and particularly France, objected to this, Callaghan took the opportunity to sharpen the attack on the disposition of the EEC Budget and operation of the CAP which has made Britain the largest net contributor to EEC funds although its gross domestic product is the third lowest in the Community.

Third, on the question of credits - should the other states provide loans to enable Government intervention to stabilise currency values and, if so, what conditions should be attached? Again, Britain, Ireland and Italy insisted on extensive credit facilities. This was opposed, particularly by finance capital in West Germany on the ground that the more generous the credit facilities, the less would be the pressure on countries with high inflation rates to introduce restrictive policies at home.

Despite concessions on these issues, the British Government became more sceptical about the durability of the scheme and more convinced that membership would lead to deflation of the economy - a conviction shared by most observers. It was naturally felt that within the EMS, Britain's major competitors would strongly resist Sterling devaluations to protect their own exports and this would be unacceptable (to quote Dennis Healey's memorable jargon) in view of British industry's "increasing inability

to compete on non-price factors".

Europe: Common Problems - Common Attitudes?

Explaining the Government's decision in Parliament, Callaghan asserted that national interests prevailed. There is undoubtedly some truth in this. Britain's decision not to join was based on economic considerations rather than hostility to the concept of an integrated Europe. And those who point to Ireland's decision at the eleventh hour to join as evidence of a greater commitment to a united Europe are simply on the wrong tack.

Unlike Britain, Ireland has had very tangible advantages from following the path of greater economic integration with Europe. It has the fastest growing economy in the EEC (double the growth rate of the other members) and the large rise in investment in manufacturing industry and the rise in real incomes can, in large part, be attributed to EEC membership. (By investing in Ireland, U.S. and Japanese firms can penetrate the European market.) Over 80% of its agricultural output, which itself accounts for nearly half its total exports, comprises beef and dairy products, for which prices under CAP are high. In 1977 its farm incomes grew by 34% - in 1978 by an estimated 17%.

Britain, on the other hand, although having the most efficient agriculture in the Community, is a large importer of food and this determines its contributions to the common support price under CAP.

Ireland's views on the EMS quite clearly reflect ruling class perceptions of national interest. Ireland is, of course, no exception. All but the most naive ideologues

of European Unity see that national interests, as these are understood, take precedence over European interests in the EEC as now established.

The national interests of the people in each member state are objectively identical with the interests of the people of Europe as a whole. But this does not mean under conditions of monopoly capitalism that we should automatically follow the course that is put forward as "the most European".

There will be times when the national interests of the capitalist class in various member countries are consistent with Europe's longer term interests. As, for example, was the relatively tough stand taken by Britain against the cut-price forays on world routes by Soviet shipping, or against the sale of EEC butter to the Soviet Union, subsidised at 47p per pound. But Britain's views on these issues are determined more by her position as the largest shipowners in Europe and the largest contributor to farm support prices, rather than by opposition to Soviet social imperialism.

There are no grounds to believe that different principles would apply in the EMS.

Predictably, the 'Left opposition' to the EMS has revealed the usual preoccupation with the export oriented economy, i.e. there would be no objections to membership if Sterling were the dominant currency. Our objections, however, run deeper than concern for Britain's dwindling share of the world market in manufactures.

Policies which are essential for a measure of self-reliance, namely, the scaling and diversification of industrial production primarily to domestic need, the expansion

PRACTICE

In 1973 I started work as a maintenance electrician in a sweet factory of approximately 600 workers. I made this move from working in the building industry because I wanted to have a more permanent workforce in which I could work politically.

I set about proving myself as a worker both to men and management, as I had seen too many 'militants' who considered bad timekeeping and poor workmanship to be a blow against the employer when in reality it only lost them respect from the workers.

In our section we had three electricians, one a part-time pensioner, two apprentices, and a foreman. At my interview I was told by the Chief Engineer that the other electrician was lazy, and after a couple of weeks I discovered that I was getting a higher rate than him and I soon came to the conclusion that the Management's assessment of him was correct.

A brief explanation why I came to this conclusion is necessary here. Over the two or three years that I knew him I never saw him with dirty overalls (in a factory with sugar and starch covering practically everything.) It was a standing joke among most of us that various secluded places were his 'cubby holes' and many times one would not see him all day.

When I asked him to show me how to work on any particular machine (he had been there seven years) he refused on the grounds that he did not wish to help the firm.

After some weeks I did manage to chat to

him in a mildly political way and he proclaimed he was a socialist and a supporter of Wedgewood-Benn.

His contact with other workers in the factory invariably ended up with slanging matches. He once criticised me for smiling at work!

After six weeks' trial my rate was increased and I told the Chief Engineer that I thought that the other electrician should be paid the same as me. After some discussion this was agreed. I informed my colleague of this in the hope that we could establish some unity.

A period of six months elapsed before I again approached the Chief Engineer for a rise; this time I was armed with an advertisement from another firm offering 10p more an hour than I was receiving. After the usual delay, I was informed that they could not increase my rate at the moment but they could do the unprecedented act of paying me an extra week's money at Christmas a year before I was officially entitled to it. I accepted the offer but did not insist that my colleague should also get it. I informed my colleague of the development and urged him to do the same. He declined to do so.

Over the next two years I was made up to Grade 5 and the other electrician stayed at Grade 4.

A new electrician then started and when he had been with us a few months we approached the management together, asking to have

the rate increased to that of the Contracting Industry (J.I.B.) This was rejected.

I then put the proposal to the other two electricians that we should organise ourselves and elect a Shop Steward. They both agreed and I was elected steward with the new electrician as Deputy.

We informed the management of the new arrangement. Needless to say they would not accept it and refused to meet us. This brought about the first meeting to discuss tactics. The result of this meeting was a modified demand, recognition and the rate for the job, i.e. we all got paid the same. It was also agreed to ban overtime and work to rule if our demands were refused. They were, and we did.

All through this the Engineers, who numbered about 26, kept an awkward silence. About 50% of them were in the A.U.E.W. (one was even a Branch Secretary) but there was no attempt by them to elect a steward.

At the start of our work to rule we called all the engineers to a meeting to inform them of our actions, and ask them not to do any of our work. We also suggested a single rate for skilled and another rate for semi-skilled, regardless of trade. Apart from an agreement not to do any electrical work there was no response. After the meeting, up came the usual individuals saying they would like to join us "but it was the others".

Six weeks of working to rule caused a considerable amount of disruption (and a certain amount of irritation among the other workers), but the management would not budge.

We then called another meeting with the Engineers. This time we put to them point blank, "Join us in our work-to-rule and the management would cave in within one day." We asked for a show of hands, but this was countered by a request for a secret ballot (from the A.U.E.W. branch secretary, would you believe?) The result was 2 for, and the rest against joining us. We then decided to do it alone and withdraw our labour for one day.

Our work-to-rule encompassed the summer shut-down when a lot of installation work had to be done ready for when the rest of the factory returned from holiday. The first day after the holiday was always hectic, starting up the machinery invariably caused electrical faults after standing for a fortnight. This was the day we chose for our strike.

On the last day of the shut-down, at 4.25 p.m. we informed the Chief Engineer of our decision. Within fifteen minutes, two of us were sitting in the Managing Director's office.

The meeting lasted over two hours, with no agreement to recognise us, but they would think about paying the same rate to the electrician who was underpaid. We did not consider this sufficient to call off the strike, so we enjoyed a long week-end.

On our return on the Tuesday, we were called in to see the Managing Director who informed us that we had committed a serious offence "for which you could be dismissed". Further discussions brought the agreement to recognise two representatives, but not to recognise the Union, also to give the underpaid electrician a six-week period in

which to prove that he had mended his ways. If he passed, his rate would be increased and be backpaid for the six weeks. We agreed.

The Union official pestered us to press for official Union recognition, and we replied that we felt that the partial recognition that we had achieved was as far as we could go at present, and that there was a chance of getting some of the production workers to follow suit. The fact was that the other electricians had had enough for the time being.

After the six weeks trial period, the management informed us that the electrician had not mended his ways and would not receive the rate. At this juncture I went into hospital and did not return until 13 weeks had elapsed, during which time one of the apprentices was sacked for "dangerous practice" and consequently lost his claim at an industrial tribunal.

More approaches to the management resulted in the ultimatum that if we pursued our intention of trying to get the rate for the other electrician, he would be sacked for bad timekeeping and other forms of industrial misconduct. We were willing to contest this, but the chap in question declined. This was just as well, because we never could have won.

With new people coming and going, we were eventually left with four electricians and one apprentice.

Our annual wage review came every May, so we went to see the management in February or March to ask them what their intentions were. They said that they could not go outside the Social Contract.

Stage 1 of the Social Contract was not acceptable, but there was not a strong enough feeling to do anything about it.

Stage 2 (£6 limit) - the feeling was strong enough to go in and insist on £6 for all electricians and the apprentice. This was agreed by the management.

Before the next stage arrived, there was an incident between the troublesome electrician and the apprentice which came to blows. Both were sacked. This was the usual Company policy, but we persuaded the management to meet the two concerned individually with a view to reinstate them. Our awkward friend turned up late and was belligerent all through the meeting, and so neither was reinstated.

With the various comings and goings of new staff, we ended up with three electricians and one apprentice.

During the Stage 1 and 2 wage negotiations I approached a few of the production workers with a view to getting them to start organising in a Union. My first effort failed but my second effort, which entailed a lengthy discussion with one production worker on a Saturday morning, resulted in two or three of us selecting workers and asking them to join the T.G.W.U.

I had already written to the Area office explaining that I was an E.E.T.P.U. steward and wanted to help get the production workers organised and I received some application forms through the post.

When we had enlisted about 50 workers we called them to a meeting with the Union official to elect a shop steward. About 20 turned up and elected two stewards. I then

suggested that we should leaflet the other workers at the factory gate explaining that there were now two shop stewards, and calling on them to join, promising that their names would not be revealed. This last point was necessary as the management, who had obviously got wind of our activities, were harassing any workers they suspected of being in the Union.

The leafleting more than doubled the numbers and so we called more meetings outside. I managed to secure a hall close to the factory, from the local tenants' association at a very small charge.

At the first of these meetings I was invited to be chairman just to get things under way. The Union official was a young aggressive character who had no idea of how to address the workers.

He started off in praise of Keir Hardie and Ernie Bevin and of course the Tolpuddle Martyrs, and after about 20 minutes of this I interrupted him explaining that most of the members present were either teenagers or immigrants who had no idea who Keir Hardie, Bevin, or the Tolpuddle Martyrs were, and were only interested in improving wages and conditions in the factory.

This apparently didn't please him, and between this and the next meeting one of the stewards came up to me at work and asked how long I had been in the E.E.T.P.U. and could he see my card. I told him that I had been in my Union for 21 years and showed him my card. He then asked me if I was an International Socialist. After assuring him that I was not, I asked him what made him ask and he told me that the Union official thought I was.

At the next meeting only 15 members turned up. One of the subjects on the agenda was the management's decision to call meetings with the workers, a few at a time, to discuss whether they wanted a Union or not. The Union official called on the members to boycott these meetings and to hold a meeting of their own outside the gate at the same time.

I was not in the chair, a chairman having been elected, so I put the point that might it not be better to attend the management's meetings to oppose their arguments and put the Union case.

The reaction by the official was to point out that I was not in the T.G.W.U. and if I did not leave, he would.

Rather than put the members in the embarrassing position of having to choose, I said that I would leave but wished to make a statement first. I told the members that the official was asking them to put their heads on the block, that being only fifteen present they were hardly in the position to speak for those not present and that the Union official could not be sacked by the employer. The object was to get into a position where the workers demands would be put forward and the management would have to listen.

In the next couple of days everybody attended the management's meetings, including the 15 present at the Union meeting, and the result was a referendum held by the employer.

They made the mistake of giving three choices: 1. Status quo; 2. Non-negotiating Works Committee; 3. T.G.W.U. Number 3 won

ut not by 50% of the vote, so if there had been only two choices the Union would almost certainly have lost.

Around this time the firm also set up a Joint Consultative Committee, half of which was comprised of management nominees and half elected representatives from constituencies around the factory and the offices. I was urged to stand for election and after some thought, I accepted, my reason being that if it was only to stop any discussion regarding the Union jurisdiction, it would be worthwhile.

The constituency that I was standing for included the Engineers, all the supervisory staff, the laboratory, garage staff, the nurse, and security. I was elected, defeating three foremen. The figures were not published.

In the meantime the T.G.W.U. now being officially recognised, an agreement was drawn up between them and the management. This was followed by an offer to draw up a similar agreement with our Union, the E.E.T.P.U. After various drafts and modifications this was accepted, but had not yet been signed. (You can't break an agreement that you haven't signed.) The Union is the only party pushing for it to be signed and it will be signed soon.

The Company, due to the fact that they could not attract skilled electricians (or any skilled labour), hired an electrician from a contracting firm at £5 an hour. We then approached the management (it was near to the annual wage review) once more to bring our wages in line with the Contracting industry.

The fact that they were prepared to pay

£5 an hour to hire an electrician gave us a good argument. We were told that we would be given 10%, plus a new productivity payment of 13p per hour which would equal the contracting rate. Our reply was that we didn't care what they called it as long as they paid it, and we accepted.

This was where our inexperience showed, we didn't dot the i's and cross the t's. It was our foreman returning from holiday who pointed out to us that the proposed productivity deal was not guaranteed and that in any case it would not be on our basic rate and therefore not be included in overtime rates.

Back we went to clear this up, but with no success. After some discussion among ourselves, we decided to apply to have our jobs re-evaluated. This took over six weeks, during which time one electrician left, leaving two of us and an apprentice, plus the hired hand.

Now the situation stood with my colleague on shift work and me on daywork (I started with the firm before shiftwork came into operation), leaving one shift electrician short. The foreman was standing in as I would not do shiftwork. We said to the hired hand that it would help us if he also refused to do shiftwork should he be asked, and he agreed. He was asked and immediately started on shift.

Both of us electricians agreed that we would not accept any difference in the rate between us.

The results of the job evaluation came through and my colleague was upgraded to Grade 7 which miraculously equalled the contracting rate, but I was to stay on Grade 6.

The reasons given were that, being on shift meant that my colleague had periods when he had to make decisions on his own and communicate with supervisors, etc.

We argued that our basic rate should be the same and that any difference due to shiftwork should be reflected in the shift premium. The management would not accept this.

Further discussion with the other electrician showed him to be weakening and in an attempt to keep his support I agreed to us accepting the rate offered to him and he agreed to support me in struggling to achieve the same status.

I then went to the foreman and informed him that until I was paid the same rate as my colleague I would work to rule which included a ban on overtime, and refused to wear my 'bleep'. I was advised that Saturday morning maintenance amounted to 'custom and practice' and that I was on dodgy ground in refusing to do it. I decided to try it out and if the firm contested it, then to resume Saturday mornings only.

It was at this point that the T.G.W.U. members decided on a one day strike in support of a claim for £50 for a forty hour week basic. I was the only non-T.G.W.U. not to cross the picket line and I helped out.

Back at work the next day I was informed that, in accordance with company rules, because I was absent without leave I would not be allowed to do overtime for the period of one week. This knocked the 'custom and practice' bit right on the head.

During the next six weeks I observed a

strict work-to-rule, and the company backed down and paid me the rate.

Throughout this whole period I tried to adhere to the practice of observing the contradictions between all the strata, both of workers and management and to utilise them whenever possible. For instance, whilst serving on the J.C.C. I soon came to notice the younger members of the management opposing the old-fashioned approach to labour relations, so I put certain items on the agenda which brought this contradiction to the forefront.

The main one was the labour turnover due to low rates of pay and an unequal bonus system which resulted in an attitude that, since the management did not seem to care, why should the workers?

Conversations with the factory manager on this and similar subjects disclosed that he felt much the same way and to his credit gave me some support at these meetings. He was on the factory floor more often than other members of the management, and so appreciated the situation more.

Another item was the starting of a social club. One of the managers had been trying to establish one for a few years and some investigation showed that there was a great deal of support from the shop floor. I raised this at four consecutive meetings before I could get it discussed.

In arguing for a Social Club I put forward the view that again the management showed its lack of interest in the workers by not having one years ago and that it was a short-sighted policy. This time it was the company secretary who supported me.

It was decided to set up a committee to look into the venue, cost, etc. So far the sub-committee has been fobbed off with delaying tactics, much to the annoyance of the manager who instigated the whole idea.

There was another point that I raised on three separate occasions and that was the question of buying British machinery. A lot of new machines recently purchased came from abroad. When I questioned this, the Managing Director said that there was pressure from the confectionery industry to get the food machinery industry to produce the goods.

He stated that the Rowntrees M.D. had informed him that a lot of pressure came from the unions there to buy British. Since he told us that, he has shown me a current letter from the Confectionery Manufacturers' Alliance inviting management delegates to a meeting with the machinery manufacturers.

The T.U.C. Industrial Strategy calls upon Trade Union representatives to ask companies to review purchases from abroad, yet on the few occasions I have had to contact the E.F.T.P.U. official he has never mentioned this. All he wanted us to do was recruit all the other trades into our Union, and push for the 'check-off' system (union dues deducted weekly by the employer).

We opposed both these suggestions on the grounds that the workers must learn to fight for themselves and elect their own stewards, also the check-off system would take the last vestige of union involvement away from the individual.

Conclusions

The overall results so far have been es-

tablishing two unions as a force to be reckoned with, (the engineers and office staff are so far unrepresented). In the case of the electricians, we achieved our financial objective and we are consulted on certain aspects of labour relations in our section.

The T.G.W.U. negotiate wage demands for the productive workers, so far with little success.

The main drawback is that I have not yet been able to find or develop a political ally. There was a W.R.P. member, but he only lasted twelve weeks.

I feel that the main task is to try to get the T.G.W.U. members to push their shop stewards to call meetings without the officials and to make the running themselves. Out of this may come the political allies required.

CONTINUED FROM PAGE 17

sion of agriculture to reduce dependency upon supplies from abroad, the improvement of social welfare and maintenance of living standards, would all lead to "loss of confidence" in, and adverse speculation against, Sterling resulting in unacceptable devaluations of the currency on the international money markets.

The chances of putting such policies into operation within the EMS would, on any objective analysis of the scheme, be reduced. The repeated alteration of bilateral rates of exchange which would follow would defeat the whole object of membership. In short, any fundamental reorganisation of the economy would cause the EMS to break down.

To safeguard independence, a country must retain control over its own currency. This control is already weakened by multilateral exchange but there is no ground for further weakening it. To those who believe that the integrity of Europe against superpower hegemonism would be enhanced by a unified currency, we would reply that a European federation of self-reliant and independent states would be a far stronger bulwark than the supranational agency proposed by some advocates of European unity.

In late July, Britain will participate in the analysis by the EEC Finance Ministers of the first six months' operation of the EMS. Apart from the fact that the Conservative government is more favourably disposed to the venture, recent appreciation in the value of Sterling is lending weight to those supporting Britain's entry. Marxist-Leninists should be clear that membership is inconsistent with national independence and sovereignty. It may be consistent with the short-term interests of European unity, but then, what type of unity do we want?

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NOTE: Our attitude to the European Parliament, and the whole question of political, monetary, and military union and integration with Europe will appear in the next issue of THE MARXIST.

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CONTINUED FROM PAGE 12

their own by the mass of the people, and the working class in particular.

This will only come about if, from the beginning, the mass of the workers in each factory are acquainted with this perspective, are intimately involved in the partial struggles leading towards its realisation, and their opinions on how to achieve it are sought and respected.

We would go so far as to say that without the deepening of working class democracy, neither socialism nor any of the intermediate stages will be achieved.

Socialism is, above all, about people. We either have confidence in their ability to learn from their own experience or we sink into a cynicism which may express itself in 'left' terminology but is fascist in essence. There is no middle way.

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