No question is more important in Britain today than that of industrial democracy. More and more people are keenly discussing the issue which quite recently was of concern only to the smallest minority. In the next year or so, it is perfectly possible that general elections will be fought in order to decide upon proposals for the democratisation of work. With the British economy stumbling from one crisis to another it is becoming plain that autocratic management is no longer adequate to solve our economic problems. Improvements in education and trade union organisation have made workers impatient of petty dictatorship in their place of employment. Something has got to change.

In the words of the miners' leader, William Straker: "In the past workmen have thought that if they could secure higher wages and better conditions they would be content.... Employers have thought that if they granted these things the workers ought to be content. Wages and conditions have been improved; but the discontent and the unrest have not disappeared, and many good people have come to the conclusion that working men are so unreasonable that it is useless trying to satisfy them. The fact is that the unrest is deeper than can be reached by merely pounds, shillings and pence, necessary as they are. The root of the matter is the straining of the spirit of man to be free.

Once he secures the freedom of the spirit he will, as a natural sequence, secure a material welfare equal to what the united brains and hand can wring from mother earth and her surrounding atmosphere..." (The worker must not be left) "... in the position of a mere wage earner, whose sole energies are directed by the will of another. He must have a share in the management of the industry in which he is engaged, and understand all about the purpose and destination of the product he is producing; he must know both the productive and the commercial side of the industry. He must feel that the industry is being run by him in order to produce coal for the use of the community, instead of profit for a few people."

As working people and their organisations have increasingly given their support to this point of view, so the authorities have had to take notice. In the Labour Party and the trade unions, the intense debate on industrial democracy came to a head during the two years before the re-election of the Labour Government in 1974. As a result of strong pressures, in 1975 Mr. Wilson appointed the Bullock Committee to look into some of the relevant problems. It is necessary to examine how far Lord Bullock's team have
understood the demand that democracy should not stop at the factory gate, and to attempt to assess how much use the Committee's proposals might be to trade unionists in their search for more power over the work-place.

1. The Background.

After the victory of the "yes" lobby in the referendum on the Common Market, early in 1975, the Wilson administration took a sharp turn away from the course of its manifesto and the interests of its supporters. Mr Joe Haines, who was the press secretary of Sir Harold Wilson between January 1969 and April 1976, recently scandalised far more of the British establishment than the small proportion of it which still votes Labour, when he published a sensational account of the day-to-day activity of the "kitchen cabinet" which surrounded the Prime Minister. If Mr Haines is not inaccurate in his story of the origins of current pay policies, the pressures on the trade unions began with an artificial run on the pound stimulated by the Treasury, whether with or without prime ministerial approval.

At the same time, a Governmental reshuffle ditched certain ministers and removed the main advocate of industrial democracy within the Government, Tony Benn, from the Industry Department. The Industry Act which he had brought before Parliament was neutered by removing all compulsion on employees to conclude planning agreements. Demands for new worker co-operatives which had been stimulated by the experiments at Meriden, Fisher-Bendix (KME) and the Scottish Daily News, were discouraged by allowing the factory occupation at Imperial Typewriters in Hull to sink unaided and that at Norton Villiers Triumph to drag on over many months.

An important part of this dispiriting drift of affairs was the announcement by trade secretary Peter Shore in the House of Commons on August 5, 1975, of the intention to appoint a committee of enquiry "Accepting the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors, and accepting the essential role of trade union organisations in this process, to consider how such an extension can best be achieved, taking into account in particular the proposals of the Trades Union Congress report on industrial democracy as well as experiences in Britain, the EEC and other countries, having regard to the interest of the national economy, employees, investors and consumers, to analyse the implications of such representation for the efficient management of companies and for company law."

When the personnel of this committee were finally appointed, under the chairmanship of Lord Bullock, and announced, four months later, we wrote in the Bulletin of the Institute for Workers' Control:

"The October 1974 Election Manifesto, upon which the present Government returned to office, contained an explicit pledge to honour the decisions previously reached in a series of Labour Party Conferences. 'We will', it said, 'introduce new legislation to help forward our plans for a radical extension of industrial democracy in both the private and public sectors. This will involve major changes in company law and in the statutes which govern the nationalised industries and the public services.'

Already in February 1974, the previous Manifesto had pledged 'We intend to socialise the nationalised industries. In consultation with the unions, we shall take steps to make the management of existing nationalised industries more responsible to the workers in the industry and more responsive to their consumers' needs.'

This is the context in which the newly appointed Commission on Industrial Democracy had begun to work. Charged to report within a year, and seeking written evidence before March, it seems to be in a hurry, and this could be taken as an earnest that legislation is intended during the current Parliament. No doubt that impression was intended: but it would be naive to accept that it accords with the likely future.

"Commissions of Enquiry, in the given political system, can be set up wherever there are technical complexities requiring legislative treatment, or, alternatively where contentious issues need resolution. In this second case, the function of a Commission may be to resolve antagonistic interests, or to simply provide an excuse to delay. Miners, for instance, still remember the post-first-
world-war Sankey Commission with great bitterness, as Lloyd George’s escape route from the nationalisation of the mines. Is Lord Bullock another Sankey? It looks very much like it. Although Jack Jones, Clive Jenkins and David Lea (the draftsman of the TUC’s programme for industrial democracy) are included among his committee’s members, so too is the Director-designate of the Confederation of British Industry, whose views are known to differ greatly from the TUC’s. Two independents (one of whom, Bill Wedderburn) is likely to sympathise with proposals along the TUC lines, while the other, George Bain, is not yet publicly on the record) will not suffice to tilt the balance even for TUC-style majority report. So it appears that the intention behind the establishment of the Commission is either to secure a dilution of the TUC’s proposals, or a confusion of Reports, which might serve as an excuse for still further delay.”

Now, with the publication of the Report in January 1977, we are able to begin to evaluate the results of all these pressures.

First, it is clear that the trade union contingent on the committee have put up a strong defence of the idea of joint determination. They have advanced some technically sophisticated proposals, which, were they to be introduced tomorrow, would undoubtedly strengthen union powers. The majority report, embodying these ideas, has provoked a veritable deluge of protests from employers, and the opposition has announced its intransigent and complete rejection of it. The Government has not promised to implement. Key ministers have publicly announced willingness to “negotiate” about it.

Even so, the original TUC commitment to an extension of collective bargaining into the boardroom has already, in fact, been modified. Sometimes by rather bold and attractive suggestions but at other points by dilutions of the initial intentions. That the Report is very much more favourable to the unions than it might have been is completely obvious from the frenzied comments upon it by industrialists and newspapers. At the same time, the reaching of agreement among a majority of the committee’s members has cost a number of concessions. Obviously it is important for the discussion on workers’ control to focus attention on the questions, how far is “joint determination” compatible with workers’ control, how far do the two concepts travel together and at what points do they separate?

My own view on this matter is simply explained. Workers’ control is not an ultimate aim which would, for a true industrial democrat, properly be a self-managed society of producer associations, without private industrial ownership except at the level of individual initiative (self-employment). “Control” means supervision, regulation, superintendence: and “workers’ control” is sensibly seen as that transitional phase which opens when workers begin to get the upper hand, and consolidate their powers of representation, accountability and veto over irresponsible management prerogatives. Workers’ control could well begin to assert itself through the effective extension of collective bargaining into that complex of decision areas defined by the TUC as relevant to a union invasion of the boardroom, if this were based on strict parity of numbers, and if we were presuming block voting on all major issues with lay member control over all elected representatives.

Workers’ control does not imply that worker representatives should take responsibility for management decisions, but it rigorously implies the contrary, that management be brought into conformity with workers’ interests. If workers’ control is established, it will tend to lead to further demands for full self-management in which work-collectives become genuinely self-governing, and professions, whether managerial or technical, are hired by the collective to work under its direction.

Study of this report will quickly reveal that “joint determination” is seen by its authors as a much more modest objective.

The Bullock Committee insists that there is no viable basis for worker participation in management boards other than that of parity. Yet the Committee has recommended that, alongside equal representation of trade union and shareholder nominees, there should be appointed to boards an intermediary group jointly agreed between the two other factions. This formula has become known as 2x + y. It signifies equal numbers of shareholders’ and workers’ representatives with a smaller number of
agreed intermediaries. Of course, the Committee recognises that it might not be easy to agree about the intermediary group and accordingly a provision has been made for the government to appoint a special commission, with the power to resolve all disputes which arise by making its own nominations.

The argument for parity is central to the original TUC proposals on industrial democracy which emerged through various drafts which were initially provoked in reaction against the EEC's draft fifth directive. (Reporting on European unions' attitude to co-determination, the Congress document *Industrial Democracy* had pointed out that the Austrian government had recently been persuaded to raise employee representation on large company boards to 50 per cent. The Bullock Committee did not visit Austria, but it did visit Scandinavia and Germany where minority employee participation on boards has been the dominant form of involvement in company structure.) The TUC document favors employee representation on British boards, recommending that "one half of the supervisory board should be appointed by the workpeople, through trade union machinery". When the issue was debated in Congress, the motion in question, which was approved, said:

"Congress .... requires that any extension of trade union participation in industrial management shall be, and be seen to be, an extension of collective bargaining and shall in no sense compromise the unions' role as here defined."

Bargaining does not normally take place in conditions where intermediaries might determine the outcome. In that debate, Len Murray insisted:

"The General Council see nothing in the terms of Composite Motion 17 which is in opposition to their Report."

Winding up the discussion on these matters, Len Murray further told Congress:

"Reference has been made to supervisory boards and co-determination in Germany .... There was a great philosopher .... who emphasised the need to stand Hegel on his feet. Well, we have stood the German conception .... on its feet."

It is important to recall that the TUC proposals differed from the German conception in eliminating works councils, insisting on trade union appointment of all worker representatives to boards and claiming parity. This was the policy for which Congress voted, and it might be argued that its essentials should not be negotiable. Collective bargaining can enter the boardroom, imposing a significant shift in the balance of power in industry, and experimenting with "management by consent": but this will happen only if the lines are kept clear, and the worker representatives remain strictly accountable. If it is thought that the extension of bargaining should be restricted to particular issues (closures, mergers, investment decisions, takeovers, etcetera) then it might indeed be better to preserve parity on a supervisory board with those specific powers than to yield it to a single tier structure without parity. (This, after all, is Congress policy, and Lord Bullock is not an elected member of any Congress governing body.)

The underlying reason for this policy is perfectly clear. Bargaining takes place between two sides. If trade unions are henceforth to negotiate at board level
because the procedures are to be changed in order to extend collective bargaining it is apparent that neither side must be allowed to "outvote" the other. The purpose of board-level representation of trade unionists is to impose prior consultation upon crucial matters, to change the climate of decision-taking by extending the principle of 'status quo' from the shop floor to major policy questions and to reach agreements wherever reasonably possible. All these purposes are consonant with the "extension of collective bargaining". Anything else is not. This means that "votes" will normally be either 100 per cent or 50-50: agreement, or failure to agree.

It could, of course, be argued that such a strong possibility of deadlock implies the need for appropriate mechanisms of conflict resolution. There would be no objection to these provided they had no mandatory powers. Union representatives might welcome the choice between arbitration and industrial action: however, they should not be bound to accept the ruling of any umpire. Neither should they be "pushed" by the existence of an arbitration system which could abbreviate bargaining in the employers' interest: so all recourse to such mediation should be strictly voluntary.

The Report is persuasive concerning the limitations of minority employee participation, and argues strongly for equal involvement of workers and shareholders. It cites the German experience of parity representation in coal and steel industries as being more effective than the minority representation which prevails elsewhere in German industry. The same Biedenkopf Commission which reported this reaction, however, also reported regular bloc voting by the "two sides" in coal and steel, which the Report sees as a regrettable tendency, to be reduced. We would see it as intensely regrettable if anything else were to happen in the discussion of major issues since this would imply the breakdown of representation, and the replacement of collective bargaining by something else. Of course, any joint board would have certain consultative functions in which discussion might easily cut across block lines on lesser matters. But where the work people's vital interests were at stake, we would see no virtue in worker representation which failed to defend them.

It is in this context that the "y" component must be evaluated. We can dismiss as ideological the notion that three or five outsiders can save a collective from "company egoism". Planning Agreements, already possible under the Industry Act, might offer a way to do this, but the government has shown no will to enforce its legislation on this important matter. There seems no advantage to labor in the appointment to boards of "solicitors, bankers, accountants", or "former non-executive directors" or even "senior personnel from other companies". Sadly, workpeople are not convinced that external appointments of union officers are always relevant, either. When a leader of the Boot and Shoe Union entered the National Coal Board (to say nothing of a former USDAW official) the prospects of miners were not transformed, or at any rate not transformed for the better.

The report specifically insists that the "y" group should have no obligation to be neutral. Yet, in Chapter II, it reveals that it would take a very dim view of them being biased towards the workers:

"33. We considered a further problem. It arises where the boards of a holding company and of a large subsidiary company have both been reconstituted on a 2x + y basis. The board of the holding company has the power to appoint the shareholders' representatives on the subsidiary board. It might be argued that, if the law made no further provision, the board of the subsidiary might eventually come to contain a majority of directors who in practice were representatives of the employees. It is said that this could occur in the following way: if the employee representatives on the holding company board secured the agreement of the majority of the co-opted directors on that board they might ensure that one or more of the persons appointed to the board of the subsidiary as representatives of the shareholder (i.e. the holding company) would in reality represent the employees. For example, it is said that the holding company's employee representatives might persuade the co-opted directors that the holding company should appoint one of their own number to be a 'shareholder representative' on the subsidiary board. Such a person might then vote with the employee representatives on the subsidiary
board and form with them a majority to co-opt directors to the subsidiary board who were really acceptable to employees' interests only. This would produce the result that the subsidiary board contained in practice a majority of directors who were effectively representatives of employees, even though at least one of them posed as a holding company's 'shareholder representative'.

"34. We regard any such sequence of events as highly unlikely; and we are confident that employee representatives on a holding company board would not normally consider acting in this way or, if they did, that the co-opted directors on that board would not agree to their plan. Even so, we do not wish our proposals to be open to this criticism, however theoretical it may be. For it is no part of our intention to make recommendations which could possibly produce such a result."

The likelihood of this "difficulty" happening would be small indeed, since, contrary to the assumptions of the Report, if both sides are loyal to their constituents, they will almost certainly need the services of the Industrial Democracy Commission to arrive at the final composition of the "y" grouping. Who might comprise the membership of such a commission? This becomes a key matter which poses a question of confidence in those appointing it. Who is likely to doubt that the present administration would feel compelled to appoint a Commission acceptable to employer/shareholders opinion? This would mean that the composition of all boards would not be 2x + y, but x (shareholders' reps.) + y over x (workers' reps.).

The rest of the Report's recommendations concerning the paying-off of unwanted shareholder directors, and the time-scale implementation, insofar as this is separable from the impermissible "y" component, are unexceptionable. With the retention of the "y" element, however, the presence of redundant directors who must be compensated might well be utilised as an argument for their co-option, on grounds of economy, as the Report argues. This can hardly be regarded as desirable.

Many trade unionists, and a number of socialist Members of Parliament have strongly criticised the 2x + y formula along these lines. However, the Report contains a good deal more than this recommendation, and its overall impact has provoked a powerful reaction from the employers. It is clear that for them the whole thing is very nasty.

The Confederation of British Industry has identified three "sticking points", all three of which must be removed, before they will cooperate. For them, there must be no legislation to put union directors on company boards; no parity between the two sides; and no trade union monopoly in the process of nomination. They have threatened to withdraw from the so-called "industrial strategy" working parties of the National Economic Development Council if their views are not met although it must be said that the collapse of these bodies would injure no one but the transnational sector leaders whose interests dominate both the forty working parties which have determined sectoral policy, and a sizeable chunk of the policies of the CBI itself. The government could certainly afford to let such industrialists amputate their own noses in order to improve their unacceptable faces: although it shows no signs whatever of wishing to do so. It is obvious from the hullabaloo which Bullock has stirred up that directors in general do not wish to declare themselves redundant, or to move over to make room in board meetings for other interests than their own, however limited the powers of those interests might be.

This reaction was echoed, with some number of added decibels, in the newspapers. The Sunday Times produced a mock minute from an imaginary directors' meeting in 1980, showing that because two of the three "y" directors proved to have liberally weak knees, the board was totally boxed, and unable to go ahead with a South African take-over or a generous dividend handout. My own imaginary scenario would unfortunately, look very different: but then I would not follow The Times in characterising the Report as a "disaster", gorging "the trade unions with power, like a Strasbourg goose". In a limited acquaintance with such birds, I had formed the conclusion that power was almost the only thing that was not crammed into their throats, and that their fate was consequently such as would, if visited upon the trade unions, socialists in the Labor Party, or
other immoderate folk, be quite likely to delight the editor of The Times if only, alas, in reverie.

With such wild reactions to a set of very modest proposals, trade unionists will feel the need to draw up their own evaluation of them. Here is a possible balance sheet:

1. Favorable proposals from a trade union standpoint:

a. The Report contains a number of careful arguments against the “divine right” of shareholders’ nominees to determine industrial policy. Some of these arguments could be put to a more radical purpose than that advocated in the Report itself.

b. The Report does recognise that industrial autocracy will no longer pass unchallenged, and that there are serious pressures for change.

c. The Report rejects proposals for two-tier structures with a “supervisory board”. There are some good things in this, some bad.

d. Many of the specific arguments against reform, pressed by company spokesmen during the submission of evidence, are convincingly answered in the Report.

e. Verbal concessions are made to the TUC insistence upon the extension of collective bargaining as the key principle of democratic advance.

f. The Report does recommend proposals which could only begin to work effectively in the context of a striking advance in trade union organisation at Combine level. Currently this is opposed by management which seldom recognises combine committees as bargaining agents; and by some trade unions, which fear the concentrations of power which might arise, to the imagined detriment of executive authority. Quite clearly this is the major beneficial recommendation featured in the Report.

g. The Report rejects demands for “consumer” representation which could only confuse the issue to the disadvantage of both workers and consumers. Consumer interests must be safeguarded by better organisation, adequate reporting, action against dishonest advertising and wider public disclosure of commercial secrets.

h. The proposals for Joint Representation Committees to appoint employee representatives are carefully considered and sensible. They reinforce point f, above.

i. The Report rightly insists that worker representatives should not receive directors’ fees. It rightly makes certain provisions for the recall of representatives by their constituents.

j. The Report rightly opposes exemptions for special categories of enterprises (banking, shipping, the press, etc.); or for multinationals. It rightly rules that the eligibility of holding companies for the reform should be measured against the sum of the employed labor force of all subsidiaries.

k. The Report will arouse discussion.

2. Unfavorable proposals.

a. The $2x + y$ formula is in itself objectionable. It virtually guarantees the hostility of a majority of board members to labor interests at key times in all cases, and always in those cases where multinationals and subsidiary companies are involved. This is blatantly the case when a subsidiary triggers the proposals while the holding company remains unaffected. The Report itself contains many arguments for parity, but it has attempted to pass over these by the use of misleading algebraic formulae.

b. The initial requirement that companies employ 2,000 plus workers is too high. Most workers are excluded by it.

c. The provisions for accountability are too fuzzy, and at crucial instances, harmful. Worker representatives in a parity committee should be strictly accountable at all times, and even the experiment of complete parity would be hazardous if this were not laid down with absolute sharpness from the beginning.

d. Collective bargaining will not be possible in the established sense of the term, when hostile intermediaries are present with votes. This means that the Report opposes a specific TUC resolution -

“Congress .... requires that any extension of trade union participation in industrial management shall be, and be seen to be, an extension of collective bargaining and shall in no sense compromise the unions’ role as here defined.”
e. The difficulties of single-channel representation, supervisory boards, and similar questions require further consideration.

It will be seen that the list of objections is a short one, while the list of advantages is a long one. Unfortunately, the items do not weigh equally. Four out of the five objections are absolutely crucial, and require the actual gutting of Bullock's proposals before they can be brought into line with the basic commitments of the TUC.

There is a further objection to Bullock: as it stands, it is not going to be implemented. On the contrary, all its disadvantages are about to be systematically enlarged, and all its advantages reduced.

The newspaper clamor, and the taciturn noises of Lord Watkinson, joined with predictable menaces from the Conservative front bench, have persuaded several dozen Labor parliamentarians that the defence of Bullock is a worthy occupation. No doubt there is a lingering feeling in the country which will support this view, since, disappointed as they are with the government’s performance in raising unemployment, cutting back on public and welfare spending, and putting aside their own election program, there exist large number of Labor supporters who have not yet learned to love the boss, or believe every last word that is printed in the press. Of course, trade unionists have every reason to fear that the government will run away from the implementation of its pledges on industrial democracy, and the observations of Mr. Edmund Dell on the Bullock Report itself reveal this process to be already far advanced. Speaking to the Society for Long-Range Planning, the Trade Secretary said:

"I think it will be widely agreed that management must not be hindered in its efforts to achieve success for the company. Companies are not social clubs .... we in the government have already made it clear that we do not wish to legislate under threat of repeal."

Does this mean that no white paper will ever appear after Bullock, or that no bill will ever follow such a white paper? I think not. All the evidence appears to indicate that industrial democracy is part-way embarked on a long downward escalator. At the top, on stable ground, stood yesterday’s TUC policy, based on parity representation. A good way down, today, we see Bullock fidgeting with all the complexities of 2x + y. Tomorrow, or more likely a little later, in the white paper, we shall be offered a British compromise with the EEC proposals, carefully damped down in order to avoid shop steward abuses of institutions designed for more stolid, tranquil and disciplined Germans. By the time everything arrives at the bottom, assuming that Mr Callaghan’s administration is still there waiting to legislate, the outcome will be one more example of that dithering equivocation which has, in the days since 1964, become the hallmark of Labor governments when pressed for serious social reform. Indeed, the talk-down escalator has been a classic piece of Wilsonism. In mutiny against Ted Heath, the TUC arrived at some radical ideas. Restored to office, Mr. Wilson bought time. The names of a Commission were listed. Four or five of them were liable to sympathise with the original proposals. One or two would be willing to compromise, given only a hint of goodwill. The rest would be hostile. The compromise agreed, one of its instigators would bale out, leaving the Committee with a verbal commitment to the key issues of parity and accountability, and the government with a vast amount of scope for subsequent dilution.

But it might be the active trade unionists who speak the last words, when all this argument winds to its conclusion.