

EVERYONE agrees that there is something radically wrong with industrial relations in modern Britain. An enormous amount of effort is expended doing things which are neither pleasant nor productive. The disparity of rewards which accrue to different people does not correspond with anybody's idea of justice.

Right at the centre is the question of trade unions: their relations with the community at large; with their own members, and with each other. These problems have vexed all thinkers for the last century and a half. All political parties have attempted in one way or another to deal with them; nobody would today suggest that any of the past "solutions" is adequate for modern needs. And there is little sign that any political party is ready to offer the electorate, at the next General Election, any new solution with either confidence or unanimity.

FLAWS IN THE CRYSTAL BALL

It is appropriate that two new and important books bearing on the subject have recently appeared. John Elliott's book¹ is an individualistic study, whose importance is suggested by the commendatory preface by Lord Bullock. The Institute of Economic Affairs has published a collection of papers covering a wide field, to which several economists, headed by Lord Robbins, have contributed.²

The first of these two works is of particular value for its description of the very complex legal, social and political history of industrial relations in the last couple of decades; the second work as a source for many interesting ideas about the present and future role of trade unions.

Whether we like it or not, this country has a continuity in its industrial history which has few parallels elsewhere in the world. In Europe, for example, the wars and revolutions of the 20th century have repeatedly compelled people to remould all social institutions from their very foundations. Britain has had no such experience. Industrial structures, both of management and of labour, have been gradually modified; but

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Industrial relations and democracy



attitudes, interests and hierarchies have been preserved long after the conditions which originally brought them into existence have disappeared.

If we must pick up a specific idea which is likely to influence political action in the next Parliament, whatever its composition, then that idea is surely "industrial democracy"—the notion that control and perhaps ownership, of a firm, should pass partially or wholly into the hands of those who work in it. This is the central theme of John Elliott's book, and an important topic in the IEA symposium. Trade unions, governments and voters will all need to give the matter much thought.

Like many ideas, "industrial democracy" has deep roots, and it cuts right across existing political attitudes. People may come to support "industrial democracy" because they see it as a step towards syndicalism, or because they consider it the best way of stabilising "capitalism." As John Elliott points out, worker-cooperative systems have developed in countries starting from utterly dissimilar philosophical bases—"communist" Yugoslavia, "capitalist" America, "social-democratic" Scandinavia; Israel is surely a society *Sui generis*.

Conversely, "industrial democracy" will be opposed by the old-fashioned type of owner or manager who denies that workers possess the capacity or responsibility for controlling their firms; by trade

unionists who think that management is the job of the boss and not wish to rethink their industrial role; by revolutionary socialists who see "industrial democracy" as the last-ditch stand of capitalism; and—perhaps most important of all—by sceptical or apathetic workmen.

UNIONS

In a truly free economy, with free trade and free land, there would be no need to bring this question of "industrial democracy" into the political field at all. The issue would be decided on in each separate firm by the operation of market forces, and no action by any government would be required. On this question, as on so many others, we must deplore the circumstances which have demanded that governments should blunder into this delicate situation with legislation which will almost certainly produce unwanted side-effects, and may well be totally counter-productive.

INHIBITING FACTOR

J. G. MORELL'S attempt to evaluate the *Long Term Prospects for the UK Property Market** is rendered useless by the superficiality of his working assumptions.

Noting slow economic growth and trends such as the slow fall in population growth, Morrell—Director of the Henley Centre for Forecasting—concludes that "land prices may rise more moderately in future in relation to other prices." He ignores the way land values can—and indeed are—being forced up by political decisions.

The under-use of labour and capital is due to a shortage of effective demand, says Morrell, but the world political and economic system cannot take action, "the main inhibiting factor being fear of rekindling inflation." Surely it does not take a genius to see that if there is surplus labour and capital *ready, waiting and able* to engage in productive activity, the only inhibiting factor must be constraints on the third partner in production—land?

**St. Quintin Son & Stanley, London, 1978.*
I.H.

1. J. Elliott, *Conflict or Cooperation: the growth of industrial democracy*, Kegan Paul, £8.95 hard covers, £4.95 paper.
2. *Trade Unions: public goods or public "bads"?* IEA Reading 17: £2.