

Old Sins and New Retribution

ROY DOUGLAS

SUPPOSE that a little green man from Mars were told that this world was divided into "haves" and "have nots". As a sample of the former, he is shown an American millionaire; as a sample of the latter an Indian peasant. Into which class would he set a modern British labourer? Beyond argument, the "haves". In almost every measurable feature, the labourer is not only incomparably better off than the peasant, but incomparably better off than was William the Conqueror or Charlemagne. He lives in a warm, dry house or flat, probably free from vermin and has a far better expectation of life than a mediaeval sovereign. In 1973, over 70 per cent of his kind possessed cars, washing machines and refrigerators; 96.8 per cent had television sets. In the same year the average household income of manual workers was £56.70, against £87.11 for managers and administrators.

The source of this, and much similar, information is Professor Ferdynand Zweig's booklet, *The New Acquisitive Society*.* Those who love the English language will regret equally the words "embourgeoisement" and "debourgeoisement" to describe what is happening; but I suppose we have no other words for saying that the working classes are becoming middle class and the middle classes are becoming working class.

People, however, do not just sit back and allow the affluent, egalitarian society to suffuse them with its warm glow. They are desperately anxious to preserve or to acquire status. What seems to matter is not what a man has, but where he stands in the pecking-order. An opinion poll, for example, showed that the vast majority of people preferred a condition in which everybody's income, including their own, went up by £4, to one in which their income went up by £5 but everybody else's by £6. Apart from any unfortunate light this may cast on the murkier recesses of the human

soul, it leads to some very serious practical consequences in the modern situation. Adam Smith's "unseen hand" may be very helpful when people set out to benefit themselves individually and succeed incidentally in benefiting society; but the consequences are deplorable when we wind up with vast organised pressure groups threatening to disrupt the economy and just about everything else if their immediate and peremptory demands are not satisfied. That state of affairs is certainly neither capitalism nor socialism but a sure-fire prescription for disaster all round.

To use two tired old clichés, the repercussions are infinite and there are no simple solutions. "Incomes policy" just isn't on except within a very limited field: "the most effective and indeed the only effective form of incomes policy is decisive government action in settling wage claims in the public sector." *Quis custodiet?* Restrictive legislation against trades unions is profoundly counter-productive; the only good thing it has ever done is to get rid of Edward Heath. Nationalisation, as everybody now seems to appreciate, solves nothing. And so on; we make a hecatomb of sacred cows.

Where, then, do we go from here? Professor Zweig suggests a sort of answer: roughly, that the storm will blow itself out. Perhaps . . .

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RECIPE FOR CHAOS

A BUILDING firm with as many men as Glasgow Council's own building department would expect to produce 20 per cent more work, says a study of high costs in local authority direct labour building organisations.

In *Glasgow Belongs to . . . Whom?**, economist Malcolm Hoppé says that the public has little protection against the waste of their money in the operations of municipal building departments.

*Aims for Freedom and Enterprise, 30p.

Government plans to extend the use of these direct labour organisations will result in higher costs and lower output.

Mr. Hoppé says that, if the Bill goes through, "the public will learn that it is not a recipe for building efficiency but for building chaos."

Of the Glasgow direct labour department "Whose poor results have been apparent for years", he says:

◆ "A productivity gap of about 60 per cent" between direct labour and a contractor on similar housing schemes meant that direct labour costs were £3,700 per house higher. Excess costs of £700,000 were equal to a loss of 125 houses for Glasgow.

◆ A cost accountancy appraisal of the direct labour budget suggests that a contracting firm would expect to produce 20 per cent more work with the 6,000 labour force employed by Glasgow Council.

◆ The department's troubles have continued for years. An independent investigation into one large housing scheme—where costs were expected to exceed £9m. against the £5.3m. estimated—concluded that procedural confusion "virtually deprived the corporation of control over its own finances." It was probable that the department could never have built at the costs estimated.

◆ Glasgow, like other councils, is still burdened with an antiquated bonus scheme which "drains away its money in vast sums."

For this the public pays in higher costs. Mr. Hoppé points out that, where direct labour departments have been forced to compete with contractors, their share of building work has fallen. But the level of the labour force has been maintained while unemployment in the private sector has risen.

Yet the Government is proposing to allow direct labour to build for other authorities and even to extend into the private market for repairs and maintenance and, perhaps, for new building.

Although far-reaching reforms of costing and accounting procedures for direct labour have been recommended, the Government intend to bring in a Bill before a working party reports on these proposals.

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