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AUTHORITY AND DEMOCRACY IN INDUSTRY: THE
RELEVANCE OF THEORIES OF INDUSTRIAL
DEMOCRACY TO CONTEMPORARY INDUSTRIAL
ORGANIZATIONS

By

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ABSTRACT

It is commonly assumed that contemporary industrial organizations are structured according to the dictates of technology, size, expertise and administrative needs and hence that property no longer plays a major role in determining either the priorities of industry or the way in which industrial undertakings are organized. The purpose of this thesis is to challenge this assumption and to argue that despite the numerous technical advances of the past century, workers' control remains a viable and desirable alternative to the present system.

The first part of the thesis analyzes the development of management in the West from F.W. Taylor to the present and concludes, first, that managers are agents of shareholders, not independent professionals and, second, that the subordination of industry to property has led to a systematic exclusion of workers from the decision making process to ensure that they do not obstruct the pursuit of shareholders' objectives. Thus the circumscribed role that workers now play in industry is primarily a result of the constraints of ownership, not industrialization.

In the second part of the thesis the consequences of excluding workers from industrial decision making are examined. Contrary to the fashionable assumption that the consumer benefits arising from industry's present emphasis on efficiency and productivity outweigh any losses incurred by workers as a result of their subordination to property, it is argued that such costs are exceedingly high. Methods of production which maximize output frequently involve major risks to the physical health and safety of workers and pose a threat to their psychological well-being. But, more significantly, the possibility of utilizing work as an avenue for creativity and self-development is effectively stifled because the owners who control industry have no interest in such objectives.

The third part of the thesis looks at the effectiveness of the collective bargaining approach to industrial democracy, as outlined by the Webbs and Hugh Clegg, in redressing the abuses of private ownership. It concludes that because collective bargaining accepts the subordination of workers to property, it fails to protect their rights and interests adequately. Consequently, a more radical approach is called for.

Thus, in the final part of the thesis, we turn to examine R.H. Tawney's proposals for the democratisation of industry. Tawney's arguments that industry could be founded upon the principles of co-operation and fellowship rather than hierarchy and subordination, we maintain, are no less relevant today than when he first advanced them half a century ago. As the Yugoslav experiment in workers' management demonstrates, the idea of workers' control constitutes a perfectly feasible - and desirable - basis upon which to manage a modern economy.

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PART I

PROPERTY, SOCIAL CHANGE AND THE MANAGEMENT FUNCTION

CHAPTER I

INTRODUCTION

I

"Lack of efficient management will spell lack of bread."¹ Such was Joseph Schumpeter's assessment of the probable outcome of workers' management, for he believed that the management function required a degree of expertise, specialization and training beyond the reach of ordinary workers: hence it was impossible for them to exercise control over management decision-making without undermining economic efficiency. Even under socialism, which Schumpeter regarded as a likely development in the West, there would be little room for workers to participate in management. Like its capitalist predecessor, the socialist society would still require the services of a specialized, highly-trained group of executives to run its industries efficiently.²

For many, the argument that the complexity of the management function precludes workers' control has proved convincing. Clarke Kerr, for example, maintains that the roles of managers and managed are defined by a "logic of industrialization." The management function, he contends, is not greatly influenced by considerations of power or class interest.

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1. Joseph Schumpeter, Capitalism, Socialism and Democracy (London, 1966) (orig. pub. 1943) p. 299.
 2. Ibid., pp. 201-218, 284-302. However, as Robert Weinberg points out, Schumpeter altered his position slightly in the period just before his death. He came to believe that industry might gain certain important benefits by encouraging a greater degree of participation among workers. Nevertheless, he still adhered to the view that higher level decision-making must remain in the hands of those qualified for it. See: Joseph Schumpeter "The March into Socialism" in Capitalism, Socialism and Democracy, op. cit., pp. 416-425 as cited by: Robert Weinberg, Workers' Control: A Study in Contemporary Socialist Thought (University of London Ph.D., 1960) p. 26.

Rather, it is determined by the technical and administrative needs of modern industrial societies. The size and complexity of industry within such societies necessitates a high level of co-ordination and planning. Consequently, those who perform these functions - the managers - must possess a correspondingly high level of skill and expertise. And they must be allowed the authority to carry out the policies which they see as necessary to ensure the satisfactory functioning of industry. The resulting subordination of workers is an unfortunate, but necessary, aspect of modern industry.³

In a similar vein, Alan Flanders, one of Britain's leading industrial relations theorists, maintains that "The source of the power of management is not ownership as such, but organization."⁴ And he goes on to note that, inevitably, "a combination of large-scale organization and centralization of decision-making will result in massive power at the top."⁵ For this reason he doubts that the question of ownership has much impact on the way modern industry is organized. Flanders does not deny that, in theory, property rights give owners exclusive control over decision-making. But he believes that this theory now "has no relevance to the facts of modern industry."⁶

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3. Clarke Kerr, John T. Dunlop et. al., Industrialism and Industrial Man (London, 1973), (orig. pub. 1958) Ch. 1. and pp. 300, 301. Their position is re-affirmed in a more recent publication. See: Clarke Kerr, John T. Dunlop et al., Industrialism and Industrial Man Reconsidered (Princeton, 1975).
 4. Alan Flanders, "The Internal Social Responsibilities of Industry" in Alan Flanders (ed.) Management and Unions (London, 1970), (the essay is dated 1966), p. 135.
 5. Ibid., p. 136.
 6. Ibid., p. 139.

Another analyst of contemporary industrial organizations, Robert Blauner, attributes a key role in determining authority relationships between workers and managers to technology. Blauner argues that the amount of control exercised by workers over their jobs is largely a reflection of the level of technological development in each industry.⁷ Thus in traditional craft industries, where products are not standardized and where a high level of skill is required, they have considerable say in the organization of their work. However, in industries characterized by mechanized technology, workers perform routine, closely-supervised tasks hence their discretion is sharply reduced. Finally, in industries using automated technology, they regain much of their control because their tasks now involve monitoring complex machinery which demands a high level of responsibility and skill.⁸ Although Blauner does not emphasize the impact of size and administrative complexity to the same degree as the preceding writers, he shares their belief that the question of property ownership is of little relevance in determining how modern industry is organized.⁹

The belief that the management function is primarily a technical and administrative one has been reinforced by the argument that ownership is now divorced from control. Although Marx noted that the early joint stock company gave rise to a potential separation between the functions of ownership and management, it was not until A.A. Berle and Gardiner Means published their pioneering study, The Modern Corporation and Private Property,

7. Robert Blauner, Alienation and Freedom (Chicago, 1964), esp. Ch. 1, 2 and 8.

8. Ibid., Ch. 3, 4 and 5.

9. Indeed, Blauner explicitly rejects the view that ownership is a significant constraint on contemporary industrial organization. See: Ibid., p. 3.

that the full implications of this development emerged.¹⁰ Berle and Means examined the largest two hundred American companies in 1930 to find out if shareholders maintained effective control. They concluded that in 44% of the firms, representing 56% of the total assets, management had usurped the traditional prerogatives of owners. And the trend towards management control appeared irreversible. Moreover, in 44% of the remaining companies, control was exercised by a legal device such as pyramiding or by minority ownership. In either case, the effect was the

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10. Karl Marx, Capital, Vol. III as cited by: Ralf Dahrendorf, Class and Class Conflict in Industrial Society, (Stanford, 1959) (orig. pub. in German in 1887), pp. 41-43. The early Fabians also noted the separation of ownership from management. See: W. Clarke, "The Industrial Basis of Socialism" in George Bernard Shaw et al., Fabian Essays (Jubilee, ed. 1948) pp. 78-80 as cited by Robert Weinberg, op. cit., p. 11. Dahrendorf suggests that Marx's analysis points to the conclusion that: "...joint stock companies involve a complete break with earlier capitalist traditions." And, he argues that contemporary Marxists have failed to see the significance of Marx's views on this question. Consequently, they have opposed the separation of ownership from control thesis even though Marx himself accepted this view. However, Dahrendorf's interpretation of Marx has been criticized recently by Maurice Zeitlin who contends that Dahrendorf has misinterpreted the Hegelian meaning which Marx gave to the German word Aufgehoben. This word usually means abolition. But, argues Zeitlin, Marx followed Hegel in giving it the meaning of rebirth through destruction. Thus the passage in Marx to which Dahrendorf refers - "the abolition of capital as private property within the framework of capitalist production itself" - ought to be interpreted as "recreating while abolishing." Zeitlin goes on to point out several other passages where Marx clearly indicated that he did not see the separation of ownership from management leading to the peaceful abolition of the capitalist mode of production. See: Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class" American Journal of Sociology, Vol. 79, No. 5, pp. 1113-1115. See also: Michel De Vroey, "The Corporation and the Labour Process: The Separation of Ownership and Control in Large Corporations" Review of Radical Political Economics, Vol. 7, No. 2, Summer 1975, pp. 1-9.

same: the ordinary shareholder was effectively disenfranchised.¹¹

Berle and Means identified several factors which they thought were responsible for undermining the position of ordinary stockholders. First, shares were becoming increasingly dispersed among a larger number of owners.¹² Whereas a century earlier public companies had had only a handful of subscribers, the modern corporation frequently had tens of thousands. This dispersion of ownership made co-ordinated action by shareholders to protect their interests almost impossible.¹³ Secondly,

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11. Adolf A. Berle and Gardiner C. Means, The Modern Corporation and Private Property (New York, 1948) (orig. pub. 1932), p. 94. Their classification of enterprises according to type of control was as follows:

<u>Type of Control</u>	<u>By Number</u>	<u>By Wealth</u>
Management Control	44%	58%
Legal device	21%	22%
Minority control	23%	14%
Majority ownership	5%	2%
Private ownership	6%	4%
in hands of receiver	1%	<u>Negligible</u>
	<u>100%</u>	<u>100%</u>

Several recent studies using the Berle and Means method of categorizing firms have pointed even more strongly towards the conclusion that management has usurped control. The most notable of these, by Robert J. Lerner, found that of the top 200 U.S. non-financial companies, 84% were under management control. Moreover, 70% of the next largest 300 companies were controlled by management. However, as we shall see later in this chapter, the methods used by both Berle and Means and Lerner to establish who is in control are open to criticism. See: Robert J. Lerner, Management Control and the Large Corporation (Cambridge, Mass., 1970) p. 21. In Great Britain, qualified support for the Berle and Means view is to be found in the extensive survey of industry by P. Sargant Florence, Ownership, Control and Success of Large Companies (London, 1961); P. Sargant Florence, The Logic of British and American Industry (London, 1953) (revised 1961 and again in 1972) pp. 211-240 of 1972 ed.

12. Ibid., pp. 47-68. Berle and Means did note some exceptions to this trend, but felt that it was becoming more and more difficult for any small group of shareholders to own a sufficient portion of shares to maintain control.
13. Ibid., p. 66. According to Michel de Vroey, the German Marxist, R. Helferding noted the dispersal of share ownership as early as 1910 in his study Das Finanz Kapital. Anticipating the views of subsequent Marxists, Helferding believed that this dispersal of ownership was accompanied by a concentration of power in the hands of the largest owners. See: Michel De Vroey, "The Corporation and the Labour Process: The Separation of Ownership and Control in Large Corporations", op. cit. p. 3.

economic power was becoming more concentrated as enterprises grew ever larger in size.¹⁴ This meant that effective control of economic decision-making was passing into the hands of a diminishing number of individuals who were becoming less and less accountable to the owners they ostensibly represented.¹⁵ These developments - the dispersal of ownership and the concentration of control - were revolutionizing the business enterprise. The traditional rights of property were being split into two components: passive ownership and active management.¹⁶ "The dissolution of the atom of property", Berle and Means argued, "destroys the very foundation on which the economic order of the past three centuries has rested."¹⁷

But the rise of the modern corporation not only separated ownership from control of industry; it also gave rise to a situation "...where the interests of owner and manager may and often do diverge."¹⁸ As a

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14. Ibid., pp. 18-46. For a more recent statement of their position see: A.A. Berle, The Twentieth Century Capitalist Revolution (New York, 1954) pp. 25-60; A.A. Berle, Power Without Property (New York, 1959) pp. 69-76.
 15. A.A. Berle and Gardiner C. Means, The Modern Corporation and Private Property, op. cit., pp. 44-46.
 16. Ibid., p. 66; A.A. Berle, The Twentieth Century Capitalist Revolution, op. cit., pp. 29-31.
 17. Ibid., p. 8. See, as well: A.A. Berle, Power (New York, 1967) pp. 191-227 and passim.
 18. Ibid., p. 6. Berle and Means devoted several chapters to the various methods available to managers for enriching themselves at the expense of shareholders. They concluded that some practices could be corrected by changes in the law. However, most abuses arose from the fact that it was necessary to delegate to management wide responsibilities in order to allow it to perform its job properly. As long as such discretionary powers were available to managers, it was impossible to prevent them from using them for their own interests. A.A. Berle and Gardiner Means, The Modern Corporation and Private Property, op. cit., pp. 153-219. See, as well: A.A. Berle, The Twentieth Century Capitalist Revolution, op. cit., Ch. III; A.A. Berle, Power Without Property (New York, 1959). In this latter publication Berle gives a rather different outline of the motivations of top executives: "... (T)he corporation manager of today is essentially a civil servant seeking reputation, power and a pension; in most cases he has long ceased to be a tycoon seeking billions." Ibid., p. 143. This change from the earlier position reflected his growing interest in the idea that managers were becoming socially responsible - a point which we shall discuss later in the chapter. For a good critique of Berle's recent position, See: K.W. Wedderburn, "Certified Public Accountant" The New York Review of Books, June 18, 1970, pp. 23, 26-32; and, Theo Nichols, Ownership, Control and Ideology (London, 1969) Ch. 1.

consequence, the dominant role of property ownership in guiding economic activity had been undermined. Managers were now free to determine the activities of their corporations largely according to their own priorities and often against the interests of the shareholders they represented.

A decade later, James Burnham took the Berle and Means argument a step further. He contended that managers were not simply becoming a separate administrative group, but, more ominously, that they were emerging as a new and distinct class. The days of capitalist owners were numbered, for the managers who were gradually usurping control of industry were coming to recognize that shareholders were dispensable.¹⁹ Burnham felt that most of the owners cited in Ferdinand Lundberg's America's Study Families had already "...withdrawn from any serious direct active contact with the economic process."²⁰ He did not deny that capitalist control of the financial institutions was still an important factor ensuring that industry was run in the interests of shareholders. However, he felt that the withdrawal of owners from the actual management of production would gradually erode their ability to maintain this overarching financial control.²¹

Although post-war social scientists have usually eschewed Burnham's pessimism, they have been greatly influenced by the separation of ownership

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19. James Burnham, The Managerial Revolution (London, 1942), pp. 94-99. However, as G.D.H. Cole notes, Burnham's thesis is plagued by ambiguities arising from his inconsistent and confusing use of terms such as elite and class. See: G.D.H. Cole, Studies in Class Structure (London, 1955) pp. 98, 99, 104, 105.
 20. Ibid., p. 96. In the United States several years later, R.A. Gordon published an equally influential book on this theme. Gordon, however, emphasized the 'professionalization' of management. See: Robert Aaron Gordon, Business Leadership in the Large Corporation (Washington, 1945).
 21. James Burnham, The Managerial Revolution, op. cit., pp. 96-99 and passim. For a critique of Burnham's argument see: Theo Nichols, Ownership, Control and Ideology, op. cit., Ch. II.

from control thesis. As Maurice Zeitlin notes, there is now an "astonishing consensus" among economists, sociologists and political scientists alike that the Berle and Means argument is true.²² For example, C.A.R. Crosland, in his well known book, The Future of Socialism, contends that:

The owner, far from being an active entrepreneur, has become the familiar passive shareholder, neither in fact controlling his firm, nor capable of doing so even if he wished, since effective government by shareholders is now a physical impossibility. They are both too numerous - some industrial enterprises have over 100,000 on their register, and most public companies have over 2,000 - and too geographically scattered.²³

Crosland concedes that there are instances where shareholders still exercise control over managers: but he argues that these are "exceptional cases", remnants of an earlier stage of industrialism when owner-²⁴ managers were the norm. In contemporary industrial societies, the management function is now one of applying administrative expertise and technical competence to the problems of industrial production. Because managers, not owners, possess these skills, shareholders' control is rapidly coming to an end. Consequently, while the owners still have a

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22. Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class" American Journal of Sociology, op. cit., pp. 1073, 1074. Zeitlin is repeating a phrase used by Dahrendorf in Class and Class Conflict, op. cit., to underline the extent of agreement among contemporary scholars on this issue.
 23. C.A.R. Crosland, The Future of Socialism (London, 1964) (orig. pub. 1956) p. 267. Crosland has re-affirmed his position on this issue in his most recent publication. See: C.A.R. Crosland, "Social Democracy in Europe", Fabian Tract No. 438 (London, 1975).
 24. Ibid., p. 267. See also: C.A.R. Crosland, The Conservative Enemy (London, 1962); C.A.R. Crosland, Socialism Now (London, 1974) esp. pp. 26-44.

legal claim to the profits of industry, they are no longer in a position to dictate how it shall be run.²⁵

The noted economist, J.K. Galbraith, adds his support to the views just outlined. Galbraith argues that, historically, control of production has been exercised by those who possess the factor of production which is most difficult to obtain. In feudal society, those who owned land were dominant.²⁶ In the period of capitalist expansion, the demand for capital was greater than that for labour or land; hence the owners of capital were able to assert their control over production.²⁷ However, with the rise of the modern corporation, the situation has again changed. Because the corporation normally retains sufficient earnings for its investment needs, it is no longer dependent upon the capital market. Indeed, it frequently has an embarrassing surplus of capital. As capital is no longer scarce, the power of its owners is greatly diminished. Who, then, has replaced them? Galbraith answers in the following way:

Power has, in fact, passed to what anyone in search of novelty might be justified in calling a new factor of production. This is the association of men of diverse technical knowledge, experience or other talent which modern industrial technology and planning require. It extends from the leadership of modern industrial enterprise down to just short of the labour force and embraces

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25. C.A.R. Crosland, The Future of Socialism, op. cit., This argument also had considerable impact on Labour Party policy during the 1950's and early 1960's. See: Industry and Society (Labour Party, 1957) and Robert Weinberg, Workers' Control: A Study in Contemporary British Socialist Thought, op. cit., p. 11., Footnote No. 10.
26. J.K. Galbraith, The New Industrial State (London, 1970) (orig. pub. 1967) pp. 55-67. See also: J.K. Galbraith, The Affluent Society Second ed. revised (Harmondsworth, 1971) Second ed. orig. pub. 1969 (First ed. pub. 1958) pp. 98-100. For a Marxist critique of Galbraith's New Industrial State, see: Jim Mason, "A New Ruling Class?" Monthly Review, Vol. 20, No. 1., May, 1968, pp. 47-56; and: Paul M. Sweezy, "Galbraith's New Utopia" New York Review of Books, Nov. 15, 1973, pp. 3-6.
27. J.K. Galbraith, The New Industrial State, op. cit., p. 65.
28. Ibid., pp. 66, 67.

a large number of people and a large variety of talent. It is on the effectiveness of their organization, as most business doctrine now implicitly agrees, that the success of the modern business enterprise now depends.²⁹

Like Burnham, Galbraith suggests that the managers who now control production have interests which diverge from the owners they represent. This is most apparent in two areas of business strategy: risk-taking and growth. In relation to the former, managers tend to eschew policies which involve significant risks even when they offer the prospect of exceptional profits. Their conservatism arises from the fact that the high profits which accrue from successful risk-taking go to shareholders while any losses immediately call into question management's competence. Low profitability invites interference by outside bankers and business consultants who may demand policy changes or, perhaps, resignations. Thus managers have a vested interest in pursuing policies which do not involve risks, even though this means foregoing opportunities to make high profits for shareholders.³⁰

Once a secure rate of return, sufficient to appease shareholders is attained, management's next priority is growth. This is so because the status, power and income of senior executives are largely dependent upon the size of the enterprises they manage. Yet corporate expansion is not synonymous with profitability: "Price, sales, cost and other policies to maximise growth", Galbraith maintains, "will differ within any given time horizon from those to maximise profits."³¹ Senior executives may pursue other objectives as well. For example, they may attempt to enhance their corporation's reputation through leadership in high technology, or

29. Ibid., pp. 67, 68.

30. Ibid., pp. 69-105 and passim.

31. Ibid., p. 178, footnote No. 7.

prestigious projects.³² Donations of shareholders' money to charities, political parties or other worthy causes may also be thought worthwhile. In these and numerous other ways, Galbraith argues, the desire of the owners to maximize the return on their investment is now being frustrated by the actions of the managers who ostensibly represent them.³³

Ralf Dahrendorf, one of the most influential contemporary proponents of the separation of ownership from control thesis, also believes that there is a growing divergence of interest between shareholders and managers. Echoing Berle and Means, he argues that industrial development "...produces two sets of roles, the incumbents of which increasingly move apart in their outlook and attitudes towards society in general and the enterprise in particular." And he goes on to suggest, perhaps rashly, that "Never has imputation of a profit motive been further from the real motives of men than it is for modern bureaucratic managers."³⁴ The source of the manager's authority has also changed, according to Dahrendorf. Consent of workers

32. Ibid., pp. 180-182.

33. Ibid., pp. 182, 183 and passim. Another noted economist, John Maynard Keynes, foreshadowed Galbraith's argument that managers are concerned with objectives other than maximizing profits. In a passage written almost forty years earlier, he outlined what he saw as the emerging objectives of senior executives in large firms:

"A point arrives in the growth of a big institution - particularly a big railway or a big public utility enterprise, but also a big bank or big insurance company - at which the owners of the capital, i.e. the shareholders, are almost entirely dissociated from the management, with the result that the direct personal interest of the latter in the making of great profit becomes quite secondary. When this stage is reached, the general stability and reputation of the institution are more considered by the management than the maximum of profit for the shareholders. The shareholders must be satisfied by conventionally adequate dividends, but once this is secured, the direct interest of the management often consists of avoiding criticism from the public and from the customers of the concern."

John Maynard Keynes, The End of Laissez Faire (London, 1926) as cited by P. Sargant Florence, The Logic of British and American Industry, op. cit., p. 257.

34. Ralf Dahrendorf, Class and Conflict in Industrial Society, op. cit. p. 46.

has replaced property ownership as the basis for management's leadership of the enterprise.³⁵ Thus the old class of capitalist entrepreneurs has been replaced by a new group of professional managers who exercise authority on the basis of their acknowledged expertise.

Similarly, in The End of Ideology, Daniel Bell argues that "...technical skill rather than property..." is now the crucial factor determining who will control industry.³⁶ In fact Bell claims that the emergence of managerial control has precipitated the "...break up of the 'ruling class'" in the capitalist societies of the West.³⁷ Unlike Burnham, however, he does not foresee the development of a new class society based on managerial control, rather, he feels that this change has reinforced the trend towards a more pluralist society. In this respect, Bell typifies liberal and social democratic thinkers who have come to believe that the managerial revolution has been a progressive force because it has reduced the significance of property ownership and hence has eroded the principal support of the class structure of the West.³⁸

Not only has the power of property receded with the rise of professional management; according to many theorists, the executives who now control industry are conscious of their obligations to the larger community. The notion of social responsibility has gradually supplanted unrestrained commitment to profit. According to A.A. Berle, in a more recent publication, the managers of business enterprises "...have been compelled to assume in

35. Ibid., pp. 44, 45.

36. Daniel Bell, The End of Ideology (New York, 1960) p. 45.

37. Ibid., p. 45. For a more recent statement of his position see: Daniel Bell, "The Corporate Society in the 1970's" The Public Interest No. 24, Summer, 1971.

38. Daniel Bell, The End of Ideology, op. cit., pp. 39-45. See, for example: J.K. Galbraith, The New Industrial State, op. cit.; William F. Whyte, The Organization Man (Harmondsworth, 1961) (orig. pub. 1956) esp. pp. 225-258; Robert Dahl, Who Governs? (London, 1961) pp. 85, 86 and passim. The pluralist argument is also outlined in the concluding chapter of A.A. Berle's Power Without Property (New York, 1959). The chapter is titled, appropriately, "People's capitalism and Soviet Communism."

appreciable part of the role of conscience-carrier of twentieth century American society."³⁹ Another commentator, Erich Rhenmann, views the modern manager as a skillful arbitrator who juggles the claims of workers, owners, consumers, government and other groups in such a way as to maximize the benefits to all concerned. Although he cannot satisfy each claimant's demands fully, he can strike the most socially acceptable balance among them.⁴⁰ Thus despite the formal basis of modern industry in property ownership, the actual management is carried out in the interests of the larger society.

II

. As the preceding writers indicate, the major justification for the present role of management among contemporary social scientists rests upon the key function it performs within a modern industrial society. Management authority, it is asserted, derives not from property ownership, but rather from the expertise required to co-ordinate production. Because of its central role, management has been able to assert its independence, and it has done so despite attempts by shareholders to maintain their control over its activities. But what is of greater significance, according to the preceding writers, is that managerial autonomy has been accompanied by a fundamental change in the objectives and responsibilities of the men

39. A.A. Berle, jr. The Twentieth Century Capitalist Revolution (New York, 1954), p. 182 as cited by Gabriel Kolko, Wealth and Power in America (New York, 1962) p. 56. For a more detailed examination of Berle's ideas on the social responsibility of business see: Theo Nichols, Ownership, Control and Ideology, op. cit., Ch. 1.

40. Erich Rhenmann, Industrial Democracy and Industrial Management (London, 1968) pp. 24-29 and passim. This view is frequently stated in a slightly different way. When conflicts between unions and management arise, the position of management in resisting the demands of wage earners is normally claimed to be one of defending consumers and the larger society from the sectional greed of workers. Thus it is implied that management is not simply representing its shareholders but is defending the interests of the community as well.

who now govern industry. They are no longer simply the paid agents of shareholders, whose job it is to extract the maximum in profits from the enterprises they control. Instead, they are independent, socially conscious professionals, anxious to see that their decisions benefit the public. True, they are still concerned with problems of efficiency and cost accounting. But their concern with these matters is society's guarantee that industry will not suffer from that "lack of efficiency" which, Schumpeter predicted, would lead to a "lack of bread."

Acceptance of the argument that managers are now disinterested "professionals" or "technocrats" has important ideological implications. For it suggests that the question of who owns and controls industry is no longer of great significance. This is so because the roles of managers and workers are defined by the functional imperatives of modern production and not by considerations of power or class interest. And, by the same line of reasoning, it indicates that effective control of industry by workers is no more feasible than control by owners - a point expressed clearly by Galbraith:

The misfortune of democratic socialism has been the misfortune of the capitalist. When the latter could no longer control, democratic socialism was no longer an alternative. The technical complexity and planning and associated scale of operations, that took power from the capitalist entrepreneur and lodged it with the technostucture, removed it also from the reach of social control.⁴¹

This is certainly a plausible view of contemporary society. But plausibility is not synonymous with accuracy. Consequently, it is necessary to examine the claims of the "managerialists" more closely. In particular, it is important to find out to what extent managers have become independent of the shareholders they ostensibly represent. It is also necessary to

41. J.K. Galbraith, The New Industrial State, op. cit., p. 111.

see how different the behaviour of "autonomous" managers is when compared with their owner-dominated counterparts. In short, it is essential to discover if property ownership is still the guiding principle underlying the organization of industry. For if it can be demonstrated that ownership, not expertise, remains the basis of managerial authority, then Schumpeter's confident assertion that workers' control is impossible will itself be called into question.

III

Despite assertions that the managerial function now derives its authority from technical and administrative expertise, authority relationships within the business enterprise still rest formally on the laws associated with property. And these laws are supported in the final instance by the power of the state. Because an enterprise is considered, in law, to be a form of property, the owners of that property are free to dispose of it as they see fit. As Neil W. Chamberlain points out "...the corporation has been held in law to be the stockholders."⁴² Significantly, employees are excluded from the legal definition of the company. This is important because it establishes quite clearly that workers have no legal right to participate in the decision-making process. Moreover, despite recent interest in the idea of employee participation in management the legal basis of the employer's authority has not been altered in any fundamental way over the past century. Thus George F. Thomason, in his recent survey of employee participation in

42. Neil W. Chamberlain, The Union Challenge to Management Control (New York, 1948) p. 11 and passim. See also: C.W. Mills, White Collar, (New York, 1951) pp. 101-102. For a good discussion of the historical development of the modern corporation see: A.A. Berle and Gardiner Means, The Modern Corporation and Private Property, op. cit., pp. 127-152 and passim.

British industry, concluded that "...the outstanding characteristic of the private enterprise system is the persistence of not only the primacy but also the sanctity of the ownership principle as a foundation for the exercise of ultimate authority."⁴³

Of course, contemporary business corporations are not usually managed by their owners. Instead, the shareholders elect from among their members a board of directors. It is the task of this board to oversee the operation of the enterprise and to appoint full-time executives to carry out the day-to-day tasks of management. The board of directors normally delegates authority to the top executives on the condition that they carry out their jobs solely in the interests of shareholders. Although there has been some debate concerning whether managers are agents or trustees of the owners, the practical implications, according to Chamberlain, are the same in either case:

...(R)egardless of whether the authority of corporate management is derived by direct delegation of the stockholders or by legislative fiat, the legal basis of that authority rests ultimately upon an accompanying obligation to serve the interests of the corporators (i.e. shareholders). Without acceptance of that obligation, there is no legal foundation for management's assumption of authority. The powers of management are conferred as a result of a legal relationship with the stockholders. If management is considered as an agent for the stockholders, its authority is limited to actions on behalf of the principals. If management is considered the trustee its authority is confined to actions in the interests of the cestui que trust, that is to say, of the stockholders again.⁴⁴

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43. George F. Thomason, "Workers' Participation in Private Enterprise Organizations" in Campbell Balfour (ed.) Participation in Industry, (London, 1973) p. 178.
44. Neil W. Chamberlain, The Union Challenge to Management Control, op. cit., p. 16. See also: Donald E. Cullen and Marcia L. Greenbaum, "Management Rights and Collective Bargaining: Can Both Survive?" New York State School of Industrial and Labour Relations Bulletin 58 (Ithaca, N.Y., August, 1966) pp. 7-10. For a good discussion of the obligations of British Managers, see: Theo Nichols, Ownership, Control and Ideology, op. cit.; P. Sargent Florence, The Logic of British and American Industry (London, 1972) pp. 203-11; And, also: George F. Thomason "Workers' Participation in Private Enterprise Organizations" op. cit., p. 161.

Because management is legally an agent or trustee of the shareholders, it follows that the power it exercises is derived entirely from the owners it represents. Moreover, the exercise of that power is conditional upon the fulfilment of its obligations to shareholders and "...not by virtue of anything inhering in its management function."⁴⁵ Thus we see that from a legal point of view management's authority over its employees stems not from any demonstrated expertise or competence - although these attributes may indeed be necessary to fulfilling its function. Rather, it rests entirely upon its legal relationship with the shareholders.

What the law does, then, is to define the role of managers such that their sphere of action is constrained within areas which coincide with the interests of the owners they represent. In relation to subordinates, they have at their disposal all the powers associated with property.⁴⁶ They can determine who can enter the premises of the enterprise, who will work for it, who will be promoted and many other related matters. But in relation to the shareholders, their position is one of subordination. They cannot, for example, decide that the purpose of the enterprise will no longer be to maximise profits. Nor are they legally free to pursue

45. Neil W. Chamberlain, The Union Challenge to Management Control, op. cit., p. 16; See, as well; Alan Flanders, "The Internal Social Responsibilities of Industry" in Alan Flanders, Management and Unions (London, 1970) p. 139. (The essay was written in 1966).

46. On this point see: Donald E. Cullen and Marcia L. Greenbaum, "Management Rights and Collective Bargaining: Can Both Survive?", op. cit., pp. 8, 9. Of course, this does not mean that the rights of property over the enterprise have remained absolute. Management decisions are constrained by government legislation, the presence of trade unions and other limitations. Yet because managers are subject to numerous pressures which limit their ability to pursue the goals of owners does not change the fact that they are legally accountable solely to the owners for their actions.

policies which harm the interests of the stockholders in any other way.⁴⁷ Indeed, if managers attempt to use the property they oversee for their own purposes they are open to legal action, as C.W. Mills succinctly points out: "Any owner who can prove any case of 'expropriation' of property by any manager can have the manager prosecuted and put in jail."⁴⁸

IV

The issue of management's legal obligation to its shareholders might, of course, be of little significance if shareholders were unable to enforce their rights and if managers themselves believed that their interests conflicted with those in whose name they manage. As we have seen, many writers feel that this is now the case. However, there is considerable evidence to suggest that neither condition holds true. With regard to the first issue, we agree with Berle and Means that the

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47. This point is illustrated by Theo Nichols who notes that the courts have supported the claims of British shareholders in a number of cases where managers have pursued policies beneficial to groups other than the owners:

"In 1962, as a consequence of a shareholder's objection, the directors of the Daily News were ruled ultra vires for making an ex gratia payment to employees made redundant by the sale of the News Chronicle and Star newspapers on the grounds that this was not in the interests of the company. In the judgement of Plowman, K. "The view that directors in having regard to the question what is in the best interests of their company are entitled to take into account the interests of the employees, irrespective of any consequential benefits to the company, is one that may be widely held...But no authority to support that proposition of law was cited by me. I know of none, and in my judgement such is not the law." Parke v. The Daily News Ltd., and Others (1962), 2 All E.R. 929 at 9.48 (in Greenhalgh v. Arderne Cinema Ltd., (1950) 2 All E.R.1120, Sir Raymond Evershed, M.R., held that the benefit of the company meant the benefit of the shareholders as a general body)." Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 22, 23.

It is useful to contrast such a clear legal position with the arguments of industrial relations theorists such as Erich Rhenmann mentioned earlier. As the above quotation shows, management is legally bound to pursue the interests of shareholders only. It cannot attempt to be a neutral arbitrator, for to do so would mean contravening its legal responsibilities.

48. C.W. Mills, White Collar (New York, 1956) p. 102.

average shareholder is effectively disenfranchised. But we do not agree with their claim that the dispersal of ownership has meant that management is no longer accountable to any shareholders. Rather, we believe that in most companies, effective control remains in the hands of large shareholders.⁴⁹

Although there is a veil of secrecy surrounding the affairs of most large firms which makes the task of uncovering who is actually in control exceedingly difficult, there have been a number of studies during the past decade which cast doubt on the validity of the Berle and Means thesis.⁵⁰

Maurice Zeitlin carefully re-examined the original Berle and Means research and found that "...they had information which permitted them to classify as definitely under management control only 22% of the 200 largest corporations and of the 106 industrials only 3.8%!" These lower figures are explained by the fact that half the companies which Berle and Means designated under management control were qualified by the adjective "presumably." In these cases, they were making a qualified guess as to whom was in control; adequate information was simply unavailable. Yet as Zeitlin points out, many writers have accepted the much higher claims by Berle and Means without realizing the qualifications involved.⁵¹ Hence they have complacently assumed that management control within the largest corporations was an established fact, even though the evidence did not warrant such a claim.

49. For an enlightening account of how a small group of large shareholders can retain effective control of an enterprise without a majority shareholding, see: C.S. Bede, "The Separation of Ownership from Control" in M. Gilbert (ed.) The Modern Business Enterprise (Harmondsworth, 1972) pp. 133-144. Orig. pub. in the Journal of Economic Studies Vol. 1, 1966, pp. 29-46.

50. This is particularly true of the U.S. where, unlike Britain, no official, publicly accessible register of shareholders is maintained.

51. Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class", op. cit., pp. 1081, 1082.

Other studies have taken issue with the statistics on management control put forward by Berle and Means. For example, a U.S. Government investigation less than a decade later came to the opposite conclusion. The temporary National Economic Committee found that 140 of the top 200 companies were controlled by large stockholders.⁵² More recently, Don Villarejo was able to gather sufficient data on 232 of the top 250 U.S. companies of 1960 to ascertain whether they were shareholder or manager controlled. He found that in 141, or over 60 per cent, the board of directors itself owned a sufficient number of shares to exercise effective control.⁵³

The validity of the Berle and Means study can also be questioned on methodological grounds. The rather mechanistic assumption that who controls an enterprise can be uncovered by knowing what percentage of shares are held by the leading stockholders is highly dubious. For example, it ignores the history of control within each enterprise.⁵⁴ Families which in the past controlled management decision-making through majority shareholding may still be able to exercise control even with relatively small current holdings because the board of directors has

52. Temporary National Economic Committee, Monograph 29 as cited by G. William Domhoff, Who Rules America? (Englewood Cliffs, N.J., 1967) p. 47. The T.N.E.C.'s findings are reported in greater detail in P. Sargant Florence, The Logic of British and American Industry, op. cit., pp. 221-241. Lundberg traced the history of each of these companies since the T.N.E.C. Monograph was published and came to the conclusion that "With the exception of a few newcomers, the same groups owned the companies as owned them in 1937" Ferdinand Lundberg, The Rich and the Super-Rich, op. cit. p. 238. See also: Gabriel Kolko, Wealth and Power in America (New York, 1962) pp. 55-69.

53. Don Villarejo, Stock Ownership and the Control of Corporations (Anne Arbor, Michigan, 1962) p. 59. orig. printed in New University Thought (Autumn, Winter 1961-1962) as cited by G. William Domhoff, Who Rules America? op. cit., pp. 49, 50.

54. C.S. Bede, "The Separation of Ownership from Control" in M. Gilbert (ed.) The Modern Business Enterprise (Harmondsworth, 1972) pp. 138, 139, orig. pub. Journal of Economic Studies Vol. 1, 1966, pp. 29-46; Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 19-21; Michel De Vroey, "The Corporation and the Labour Process: The Separation of Ownership and Control in Large Corporations" op. cit. pp. 6-8.

always been selected by them or their appointees. Directors may also be connected with, or indebted to, the controlling interests in ways which are not obvious to the outside observer. They may be distant relations or partners in other ventures. Alternatively, they may be employees or protégés of certain members of the controlling group.

The methodological weakness of the Berle and Means approach is revealed when we turn to examine specific firms. To attempt to evaluate who controls General Motors, Exxon or Gulf Oil without knowing the history of control exercised by the Du Ponts, Rockefeller and Mellons, respectively, would be to ignore what is clearly one of the most important factors determining in whose interests these firms are now run.⁵⁵ Yet this is precisely what the Berle and Means approach involves. For this reason, their findings cannot be accepted as a reliable answer to the question of whether stockholders or managers now control most large corporations.

Contrary to Berle and Means optimistic predictions about the trend towards dispersal of stock ownership and the emergence of "people's capitalism", what is most notable about stock ownership is that it has remained highly concentrated. True, the number of individuals owning stock in the U.S., where ownership is most widely dispersed, rose from 6.3 million in 1952 to 30.8 million in 1970 - still less than one fifth of American families, however. But in the last five years this figure

55. On the question of the continuing influence of certain wealthy families on the management of enterprises in which they have stock see: Ferdinand Lundberg, The Rich and the Super-Rich, op. cit., Ch. IV-VII; Maurice Zeitlin, "The Large Corporation and the Capitalist Class", op. cit., pp. 1073-1119; G. William Domhoff, Who Rules America? op. cit. p. 48. To give a concrete example of how misleading such figures may be, Ferdinand Lundberg notes that no less than six of the companies listed by Berle and Means were "authoritatively regarded in Wall Street as actually under the rule of J.P. Morgan and Company: United States Steel Corporation, General Electric Company, Electric Bond and Share Company, Consolidated Gas Company (now Consolidated Edison Company), A.T. and T. and New York Central Railroad." Ferdinand Lundberg, America's Sixty Families (New York, 1937) p. 507 as cited by G. William Domhoff, Who Rules America? op. cit. p. 48.

has dropped by over 20% to 25.2 million and will probably decline further because hard-pressed brokerage firms are now less willing to deal with the largely unprofitable small investor.⁵⁶ More significantly, these figures conceal the fact that share ownership remains highly concentrated. According to a Department of Commerce Study, "Stock-ownership in the U.S." 51% of stocks were owned by 1% of the population in 1971.⁵⁷ Again, this figure represents a slight improvement on the 1953 statistics which, according to the Lampman study, indicated that the top 1% owned 76.0% of corporate stock. However, if we go back further in U.S. history, we find that in 1922 the richest 1% owned 61.5% of company shares.⁵⁸ Thus in half a century the amount of 'levelling' that has taken place is hardly dramatic.⁵⁹

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56. Robert Samuelson, "End of the American Dream" Sunday Times, Dec. 14, 1975, p. 46. Samuelson's figures are based upon the latest census of the New York Stock Exchange. Ironically, one of the anomalies in the position of those who adhere to the separation of ownership from control thesis is that they readily acknowledge that share ownership is confined to a small minority of the population. Dahrendorf, for example, noted in his 1959 study that only 3% of the population of Germany and 8% of the U.S. at that time owned even a single share. Yet he went on to argue that share ownership was widespread. It is a strange definition of 'dispersal' which excludes such a large segment of the population! See: Ralph Dahrendorf, Class and Class Conflict in Industrial Society, op. cit., p. 42.
57. United States Department of Commerce, "Stockownership in the U.S: Characteristics and Trends" as cited by Arnold Cantor, "The Widening Gap in Incomes" The American Federationist, March, 1975, p. 13; See also: J.D. Smith and S.D. Franklin, "The Concentration of Personal Wealth 1922-1969" American Economic Review, May 1974, pp. 162-167.
58. Robert J. Lampman, The Share of Top Wealth Holders in National Wealth 1922-1956 (Princeton, N.J. 1962) pp. 208, 209.
59. The widely accepted view that income inequality is diminishing is also questionable. A review of income distribution, published in the U.S. government's Monthly Labour Review concluded that "Analysis of census data...shows a slight but persistent trend towards inequality in the 1958-1970 period..." See: Peter Henley, "Exploring the Distribution of Earned Income" Monthly Labour Review, Dec. 1972, Vol. 95, No. 12, pp. 16-27. A more recent article in the A.F.L.-C.I.O.'s monthly journal, The American Federationist, noted that the trend towards greater inequality accelerated in the period from 1968 to 1973. See: Arnold Cantor, "The Widening Gap in Incomes" op. cit., pp. 11-15.

In Great Britain, the situation is broadly similar.⁶⁰ According to the 1975 interim report of the Royal Commission on the Distribution of Income and Wealth the top 1 per cent of the population owned 28.1 per cent of all property in 1972, while the top 5 per cent owned 53.9 per cent.⁶¹ As in the United States, however, the concentration of share ownership is much more unequal. In 1973, the wealthiest 0.8 per cent of the population owned 71.6 per cent of ordinary shares and 69.4 per cent of company securities. The top 3.5 per cent owned 90.1 per cent of shares and 87.8 per cent of securities.⁶² Yet these figures still under-estimate the extent of inequality.

Although it is now slightly dated, an early post-war study of the concentration of share ownership among thirty of Britain's largest firms revealed some interesting facts about the distribution of ownership among shareholders. While the average value of the shareholdings of 96.4 per cent of stock owners was only £118, the value of the shares owned by the wealthiest 132 in each company averaged £52,000.⁶³ When this is considered in the light of the fact that only 7% of the U.K. population owns even a

60. The most valuable discussion on this matter is still to be found in Richard Titmus, Income Distribution and Social Change (London, 1962), Statistics on other European Countries are roughly the same. See: Michel de Vroey, "The Corporation and the Labour Process: The Separation of Ownership and Control in Large Corporations", op. cit., p. 5.

61. Royal Commission on the Distribution of Income and Wealth, Report No. 1. Initial Report of the Standing Reference Committee Cmnd. 6171. (July, 1975) Table 34, Series C, p. 81 as cited by Labour Research Vol. 64, No. 10, Oct., 1975, p. 203.

62. Ibid., Table 31, p. 82, as cited by Labour Research, Vol. 64, No. 10., Oct., 1975, p. 203.

63. H. Parkinson, The Ownership of Industry (London, 1951), pp. 43-46, as cited by P. Sargant Florence, The Logic of British and American Industry, op. cit., pp. 215-219. For other discussions of inequality in Britain see the collection of articles edited by A.B. Atkinson in Wealth, Income and Inequality (Harmondsworth, 1973) and A.B. Atkinson, Unequal Shares (London, 1972).

single share, the concentration of ownership is striking indeed.⁶⁴

Moreover, when we look to see who has gained the shares lost by the richest 1% of the population, we find that they have gone to the next 4% rather than the remaining 95%.⁶⁵ The reason for this is clear: by spreading wealth as evenly as possible among family members, the very rich are able to minimize their taxes. The heavy rates of taxation imposed in the past 30 years have also given the rich a major incentive to conceal the extent of their earnings. This is exacerbated by the fact that, increasingly, the very rich choose to 'live', for tax purposes, in various havens which enable them to avoid taxation altogether. Thus official figures notably underestimate the concentration of ownership because they reflect 'declared' as opposed to 'actual' ownership.

These statistics provide an effective answer to the misleading claim that stock ownership is spreading within the population. For while it may be true that the tiny number of people who own shares has grown slightly, it is not true that the concentration of shares owned by large shareholders has diminished significantly. And it is hardly plausible to claim that people who now own two or three shares in General Motors have the same interests of the Du Ponts, or the former president, Alfred P. Sloan, jr., who, according to Lundberg, was worth between two hundred and four hundred million dollars in 1968.⁶⁶

64. British Market Research Ltd., "How Does Britain Save? A Summary of the Results of a Survey Conducted for the London Stock Exchange by the British Market Research Limited" (London, May, 1966) pp. 5, 9, as cited by Theo Nichols, Ownership, Control and Ideology, op. cit., p.78. See also: John Westergaard and Henrietta Reislar, Class in a Capitalist Society (London, 1975) p. 117 and passim.

65. John Westergaard and Henrietta Reislar, Class in a Capitalist Society, op. cit., pp. 38-44, 110 and passim; Richard M. Titmuss, Income Distribution and Social Change (London, 1962); Ferdinand Lundberg, The Rich and the Super-Rich, op. cit., Ch. IX; Gabriel Kolko, Wealth and Power in America, op. cit., pp. 50-54.

66. Ferdinand Lundberg, The Rich and the Super-Rich, op. cit., p. 40. By calculating the value of shares in various companies known to be held by the extended family of Du Ponts (approximately 300 individuals), Lundberg estimated that in 1964 they owned over \$7 billion in stocks and bonds! Ibid., p. 168.

V

The 'managerialists' also argue that shareholders are no longer capable of watching over the executives who administer their property. This is so because they lack the information and technical skills necessary to make such an assessment of management performance. While this claim is true of the majority of small shareholders, it does not follow that large shareholders are in the same position. The fact that organizations such as banks, insurance companies, trust houses and holding companies have substantial interests in most of the larger corporations means that managers are subject to constant scrutiny by organizations which do have the capacity to evaluate their performance.⁶⁷ And, as Lundberg notes, there are more firms under the control of family interests than most economists are willing to admit.⁶⁸ However, this control is now commonly exercised through trusts, foundations, and other "street" organizations which effectively conceal the controlling interest from the glare of publicity. It is only when these controlling interests are threatened that their power becomes visible.⁶⁹ When pressed, as Zeitlin shows, shareholders are quite prepared to use their position on

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67. Maurice Zeitlin, "The Large Corporations and the Capitalist Class", op. cit., pp. 1073-1119. On this point I am grateful to Dr. James Rinehart of the University of Western Ontario, who brought the relevant information to my attention. See also: Gabriel Kolko, Wealth and Power in America, op. cit., pp. 53-69. G. William Domhoff, Who Rules America? (Englewood Cliffs, N.J. 1967) pp. 47-57 and passim; P. Sargent Florence, The Logic of British and American Industry, op. cit., pp. 214, 215; Gus Tylor, "A Labour View of the New Class", The American Federationist, Oct., . 1973, pp. 14, 15.
68. Ferdinand Lundberg, The Rich and the Super-Rich, op. cit., pp. 155-171.
69. On this question see the enlightening discussion by G. William Domhoff on the use of pseudonyms by families, banks and trust houses to hide the extent of their ownership in Who Rules America? op. cit., pp. 55, 56. See also: Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class", op. cit., pp. 1085, 1086.

the board of directors to remove top executives who fail to perform to their satisfaction.⁷⁰

Nor is each enterprise an island by itself. There is an intricate web of connections among large firms, banks, trust houses and insurance companies. In the United States, and to an increasing extent in Great Britain, it is common for representatives of banks and finance houses to take their places on the boards of directors of companies in which their institutions have an interest. Richard Barker in his study of U.S. banks found that "...of the 373 members of the boards of the nation's fifteen commercial banks, 324 held more than fifteen hundred management positions (primarily directorships) in other financial institutions, insurance

70. Maurice Zeitlin provides a good example of this exercise of shareholder power. The two major American copper companies, Kennecott and Anaconda, followed different strategies for guaranteeing the security of their interests in Chile. Kennecott adopted a policy of worldwide diversification to ensure that if Chile attempted to nationalize its assets, it could fall back upon other operations. In contrast, Anaconda believed that such diversification was unnecessary because the Christian Democratic government of Frei was likely to remain in power indefinitely. When Allende came to power and nationalized the copper companies, Kennecott was still in a strong international position because it was no longer dependent upon Chilean copper. However, Anaconda was confronted with major losses. Within two months of the take-over, according to Zeitlin, more than half of the latter company's top U.S. executives, including its president, were fired. The Chase Manhattan Bank suddenly emerged as the controlling interest in the Company and appointed one of its vice-chairmen as the chief executive. This may, in itself, not seem extraordinary. But for almost forty years, since the Berle and Means study, reports of the company had concluded that it was firmly under management control and that no group of shareholders was in a position to challenge management. See: Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class" *op. cit.*, pp. 1092-1094. Of course, Zeitlin's example only shows that shareholders are able to use their legal prerogatives where management is demonstrably incompetent. It says nothing about what shareholders would be prepared to do if it became clear that management was not even attempting to fulfil its legal obligations. For other instances of the exercise of shareholders' power see: G. William Domhoff, Who Rules America? pp. 47-50; C.S. Bede, "The Separation of Ownership from Control" *op. cit.*, pp. 143, 144; Ferdinand Lundberg, The Rich and the Super-Rich, *op. cit.*, p. 284. Lundberg points out that when the top executive is also a major shareholder, he does not lose his job. For example, Henry Ford, II's decision on the Edsel cost the company 250 million dollars. The other, smaller, shareholders quietly paid for his mistake. Ibid., p. 284.

companies and industrial concerns."⁷¹ These interlocking directorates ensure that each company is tied in securely with the larger economic system.⁷² Such findings challenge the view that all managers have to do to assert their control is to hoodwink the scattered and uninformed shareholders.⁷³

The separation of ownership from control argument also confuses the day-to-day administration of industry with the formulation of company

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71. Richard J. Barker, Who Controls America? op. cit., pp. 64, 66. See also: Gabriel Kolko, Wealth and Power in America, op. cit., pp. 55-69; C.W. Mills, The Power Elite, op. cit., pp. 122, 123; C.W. Mills, White Collar, op. cit., p. 105; Ralph Miliband, The State in Capitalist Society, op. cit., pp. 28-39; Clive Jenkins, Power at the Top (London, 1959) pp. 41, 82; Michael Barratt-Brown, "The Controllers of British Industry" in Ken Coates (ed.) Can the Workers Run Industry? pp. 42-48, 62-69. (This essay includes an extensive list of the names and directorships of British merchant bankers); and, finally, John Westergaard and Henrietta Reisler, Class in a Capitalist Society, (London, 1975) pp. 31-140.
72. In Great Britain, the process of intervention is usually more discreet than in the U.S. Nevertheless, when managers fail to meet the expectations of shareholders, it is not unheard of for the latter group to flex their fiscal muscles. This in response to management wheeler-dealing in the early 1970's the Institutional Shareholders Committee was established. The purpose of this secretive committee was to keep a closer eye on the activities of managers in certain top companies and thus protect the interests of institutional shareholders. See: Stewart Flemming, Financial Times, Feb. 21, 1975. The same paper carried an editorial several months later exhorting owners to make use of their legal rights more frequently in order to deter 'abuses' of management power. Financial Times, July 28, 1975. For other evidence on this point see: P. Sargant Florence, The Logic of British and American Industry, op. cit., pp. 236-238.
73. On this issue we disagree with the analysis of Baron and Sweezy. Although these authors are highly critical of the Berle and Means thesis, in Monopoly Capital, they accept the view that managers are no longer subject to the control of shareholders. Their reason is that they believe that corporations are now largely self-financing. However, the work of Lundberg, Domhoff and, more recently, Zeitlin, is more persuasive, particularly as Baron and Sweezy do not attempt to prove their assertion empirically. Indeed, Sweezy himself has altered his position in a subsequent article. See: Paul Sweezy, "Who Rules the Corporations?" Monthly Review, December, 1971, as cited by Robin Blackburn, "The New Capitalism" op. cit., p. 174. However, it is interesting to note that acceptance of the view that management is independent of ownership does not necessarily imply that managers and owners have different interests. For as Baron and Sweezy point out, the class position of managers, the institutional constraints placed on their behaviour and their own self-interest combine to ensure that they behave in the interests of the property owning class. See: Paul A. Baron and Paul Sweezy, Monopoly Capital (New York, 1967) pp. 14-51.

policy. Those who establish the structure and goals of the enterprise need not be involved in the detailed administration of company affairs.

As James Rinehart points out:

It is true that major shareholders do not generally interfere in the day to day operations of the enterprise. However, this simply means that the job of managing is separated from ownership; it does not mean that control is separated from ownership. In most large corporations final power continues to rest in the hands of major stockholders. Those who do accept the Berle and Means thesis fail to make the important distinction between persons who establish the general guideline for organizational performance and those who, while exercising formidable powers within the organization, must operate within these guidelines.⁷⁴

For the same reason, the fact that managers possess expertise does not mean that they are free to use their skills in whatever they see fit. Members of the board of directors are perfectly capable of assessing the direction of management policy even though they are not intimately familiar with the details.⁷⁵ And this situation is by no means exceptional. Managers themselves make decisions on numerous aspects of their firm's operations without knowing all the details involved. For example, they oversee research departments even though they may have little knowledge of the exact nature of the research. They are able to do so because it is their job to establish policy and monitor results, not to carry out experiments. Yet, strangely, proponents of the separation of ownership

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74. James Rinehart, "Post Industrial Society and White Collar Worlds" Unpublished Paper (University of Western Ontario, Department of Sociology, 1974) p. 28. It is interesting to note that management texts generally tend to stress the question of training managers to achieve the 'goals' of the enterprise rather than the question of what these 'goals' ought to be. And, when this latter question is raised, the answers of profit, growth and security are usually taken for granted. See, for example: Peter Drucker, The Practice of Management (London, 1973) (orig. pub. 1955).
75. Michael Barratt-Brown, "The Controllers of British Industry" op. cit. pp. 53, 54.

from control argument believe that shareholders are incapable of exercising a similar kind of control.

VI

Turning to the second issue, the assertion that contemporary business managers pursue goals which are different from those pursued by entrepreneur owners raises the obvious question of what is meant by "different." If all that is meant is that a higher priority is placed on long term growth rather than immediate dividends, as Galbraith maintains, the argument may, perhaps, be true. But it is also trivial.⁷⁶ Similarly, if what is meant is that managers are able to spend a tiny portion of overall profits on themselves, the point is no less true, but is hardly indicative of a 'fundamental' conflict of interest between the two groups.

However, as Baran and Sweezy point out, there is a conflict of interest within the modern corporation. But it is not between managers and shareholders: rather, it is between large and small stockholders.⁷⁷ Because large owners save a relatively greater proportion of their income and because dividends are subject to higher rates of taxation than capital gains, they prefer to take their profits in the form of appreciated share values. However, the small shareholder is dependent on his stocks as a

76. There are also many cases which refute Galbraith's claim that owner managers place immediate profitability above growth. For example, Henry Ford refused to pay out dividends to other shareholders in the Ford Motor Company, preferring to re-invest everything in expansion of the business.

77. Paul A. Baran and Paul Sweezy, Monopoly Capital, op. cit., pp. 34, 35.

source of current income. Consequently, he prefers high dividends.⁷⁸

In this conflict within the propertied class, managers normally side with large investors because it is the large investors who are in a position to dictate policy to them.⁷⁹ Thus conflict between small and large property owners provides no evidence that the interests of property are being subordinated to those of management, as Berle and Means suggest. It only demonstrates that the interests of big capital take precedence over small capital.

The separation of ownership and control thesis also assumes that owners and managers are two distinct groups within society. This view assumes a pluralist social and economic framework. But we would argue that owners and managers are part of the same class and that their common class interest transcends any alleged difference between them. As Ralph Miliband notes, "...these are tactical differences within a strategic consensus."⁸⁰ It is in the interests of each to preserve

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78. Ibid., p. 35. The same applies in Britain. See for example: I.C. McGivering, D.G.J. Matthews and W.H. Scott, Management in Britain (Liverpool, 1969). These authors note that "the interests of shareholders and the organization are not completely dichotomous, however, for the existence of differential rates of taxation...in conjunction with the absence in this country of a capital gains tax, may mean that the direct interests of shareholders can be best served by the reinvestment of profits and the reward of bonus issues of stock and increases in the market value of shares. It might be reasonable to suppose that a policy of the investment of profits would be more popular with large stockholders than with small whose main needs are for immediate income." Ibid., pp. 51, 52.
79. Paul A. Baran and Paul Sweezy, Monopoly Capital, op.cit., pp. 35, 36. Baran and Sweezy note that some concessions are usually made to appease the small shareholder, for political, as well as economic reasons. Domhoff also points out that some of the large companies see the small shareholder as a potential customer and hence encourage individuals to buy a few shares in their company for that reason. William Domhoff, Who Rules America? op. cit.
80. Ralph Miliband, The State in Capitalist Society, op. cit., p. 35. See also: Paul A. Baran and Paul M. Sweezy, Monopoly Capital, op. cit., pp. 34, 35; John H. Westergaard, "Sociology: The Myth of Classlessness" op. cit., pp. 136-139. G. William Domhoff, Who Rules America? op. cit. pp. 38-62; Gabriel Kolko, Wealth and Power in America, op. cit., Ch. IV; Robin Blackburn, "The New Capitalism" in R. Blackburn (ed.) Ideology in Social Science, op. cit., pp. 165-168; Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 134-142; C.S. Beed, "The Separation of Ownership from Control" op. cit., pp. 145, 146.

inequality and privilege in industry. It is in the interests of each to exclude workers from the decision-making process. And it is in the interests of each to see that the hierarchical structure of business enterprises remains intact.

Moreover, as members of the same class their more narrowly economic interests also tend to overlap. The manager who owns shares in companies other than his own, will readily understand the need to ensure that the interests of owners are given paramount consideration. His family, friends and fellow managers will, in many cases, also be shareholders: consequently, the interests of owners will not be seen as those of a special group, but rather of people just like himself.⁸¹ As Baran and Sweezy argue:

...(M)anagers are among the biggest owners; and because of the strategic positions they occupy, they function as the protectors and spokesmen for all large-scale property. Far from being a separate class, they constitute in reality the leading echelon of the property-owning class.⁸²

According to Robert J. Lerner who examined the sources of income of top executives in Fortune's 1963 list of 500 leading industrials: "The average expected dividends and capital gains from stockholdings earned by the chief executive officers in our sample amounted to 64,519 dollars

81. On this point, see: Ferdinand Lundberg, The Rich and the Super-Rich, op. cit., Ch. XI; G. William Domhoff, Who Rules America? op. cit., pp. 57, 58; Theo Nichols, Ownership, Ideology and Control, op. cit. Ch. X-XII.

82. Paul A. Baran and Paul Sweezy, Monopoly Capital, op. cit., pp. 34, 35. Westergaard notes that one assumption made by many advocates of the separation of ownership from control thesis is that a "non propertied managerial elite" was evolving. As he points out, however, such an assumption bears little relation to the fact that most managers are property owners. See J.A. Westergaard, "Sociology, the Myth of Classlessness" op. cit., p. 159; G. William Domhoff, Who Rules America? op. cit. pp. 57-62; J.A. Westergaard and Henrietta Reisler, Class in a Capitalist Society, op. cit., p. 161; Michael Barratt-Brown, "The Controllers of British Industry", op. cit., p. 37.

per year."⁸³ Nor is it uncommon for managers to have an ownership stake in their own firms. Through stock-option plans and other devices, senior executives are given ample opportunities to acquire a direct financial interest in the companies they manage. To the outsider, such arrangements may appear as a wasteful give-away of shareholders' money. However, these schemes are quite functional to the interests of owners. The amount of money involved is small in relation to the revenue of a large company, but to the individual manager it is a vital source of income. Hence the executive who receives a substantial portion of his earnings in the form of dividends will think twice before adopting policies which are detrimental to shareholders.⁸⁴ This argument is explicitly stated by Alfred P. Sloan, jr., former president of the largest corporation

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83. Robert K. Larner, Management Control and the Large Corporation (New York, 1970) p. 66, as cited by Robin Blackburn "The New Capitalism" in Robin Blackburn, Ideology in Social Science, op. cit., p. 167. Blackburn also points out that a 1955 survey by the Oxford Institute of Statistics revealed that the average shareholding of the top British managers was £28,000 - a figure which was actually double that of titled individuals! Ibid., p. 167.
84. C.W. Mills, White Collar, op. cit., pp. 103-105; C.W. Mills, The Power Elite, op. cit., pp. 129, 130, 156; Gabriel Kolko, Wealth and Power in America, op. cit., pp. 65-69; Paul A. Baran and Paul Sweezy, Monopoly Capital, op. cit., p. 34; Robin Blackburn, "The New Capitalism" op. cit., p. 167. Blackburn notes that while the chairman of General Motors owned only 0.17 per cent of the company's shares in 1967, the actual value of his tiny shareholding was \$3,917,000. We should point out that the stock option is a fairly recent innovation in the U.S. According to Kolko, it was introduced in 1950 (Ibid., p. 66). Hence Berle and Means' earlier study cannot be criticised on this point. However, both A.A. Berle and Gardiner Means have published works since this innovation was introduced. They have not, so far as I know, conceded that it makes a notable difference in the behaviour of managers.

in the world:

Although the General Motors Bonus Plan was first adopted on August 27th 1918, its fundamental principles have never changed - that the interests of the corporation and its shareholders are best served by making key employees partners in the corporation's prosperity, and that each individual should be rewarded in proportion to his contribution to the profit of his own division and the corporation as a whole.⁸⁵

Such insurance, according to Sloan, is worth the small price shareholders pay.⁸⁶

The policy of encouraging successful managers to obtain a shareholding in their companies also performs an additional function. As Domhoff notes, it provides a "...means for assimilating the successful corporate executive into the upper class."⁸⁷ Moreover, "stock ownership certifies the permanence of the manager's status and ensures the future of his children and grandchildren at a high socio-economic level."⁸⁸

Most companies also have incentive schemes which are designed to reward the manager on the basis of the profitability of his firm.⁸⁹ In

85. Alfred P. Sloan, jr., My Years with General Motors (London, 1967) (orig. pub. 1963) p. 431. In an earlier passage Sloan quotes the 1942 annual report which states that the management policy of G.M. "has evolved from the belief that the most effective results and the maximum progress and stability of the business are achieved by placing its executives in the same relative position, so far as possible, that they would occupy if they were conducting a business on their own account." Ibid., p. 430. Sloan also gives a detailed account of the Managers' Securities Company, a scheme set up by the Du Ponts in 1923 to fuse the interests of managers with shareholders by giving the former an opportunity to acquire shares in G.M. Ibid., pp. 433-441.

86. Ibid., pp. 449-452.

87. G. William Domhoff, Who Rules America? op. cit., p. 58.

88. Ibid., p. 58.

89. Robert J. Lerner, Management Control and the Large Corporation, op. cit., pp. 63-66, as cited by Robin Blackburn, "The New Capitalism" op. cit., p. 176. See also: Alfred P. Sloan, jr., My Years with General Motors, op. cit., Chapter 22.

this way, the objective of profit is kept in the forefront of the manager's mind. Such attempts to fuse the interests of managers with those of the owners they represent do not square with the argument that managers are anxious to pursue their interests at the expense of shareholders, for if this were true, it is highly unlikely that managers would establish such bonus schemes in the firms they control.

The social origins of top executives tend also to be in the upper class. Despite the common belief that it is easy for the intelligent or highly skilled to rise in the occupational hierarchy, upward mobility is actually quite limited because the education training which are increasingly necessary to qualify for management positions are still monopolised by the children of those at or near the top.⁹⁰ And, the effects of social background do not end once an aspiring manager has completed his formal education. Those whose families are "well connected" find the route to the top free from many of the pitfalls which beset their colleagues from a humbler background.⁹¹

Inheritance also remains an important factor in the selection of top managers. Families such as the Fords, Rockefellers, Rothchilds and Du Ponts

90. Although the statistics vary among the major Western industrialized countries, the disparity in educational opportunity is quite significant in each case. For a brief, but good statistical review of the disparities in educational opportunity between upper and lower classes in Germany, France, the U.S. and the U.K. see: Ralph Miliband, The State in Capitalist Society, op. cit., pp. 40-43; See as well: Frank Parkin, Class Inequality and Political Order (London, 1971) pp. 107-114; J.H. Westergaard, "Sociology: The Myth of Classlessness" in R. Blackburn (ed.) Ideology in Social Science (London, 1972) pp. 129-141; Gabriel Kolko, Wealth and Power in America, op. cit., pp. 113-121; G. William Domhoff, Who Rules America? pp. 16-21 and passim; Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 112-120.

91. On this point, see the review of U.S. Studies by Reinhard Bendix and S.M. Lipset in Social Mobility in Industrial Society (Berkeley, 1966) Ch. IV, esp. pp. 138-143, and the excellent study of G. William Domhoff, The Higher Circles (New York, 1970).

continue to play an active role in managing the companies they own.⁹²

The existence of a substantial or controlling interest in an enterprise enables shareholders and their relatives to assume executive positions. These appointments are made not simply for the benefits which accrue to family members who become top managers, but, more importantly, to give the family the ability to oversee the activities of the enterprises they own.

To the factors just listed, we can add several more which act as additional guarantees that companies will be managed in the interests of their owners. The process whereby managers are recruited and promoted is one which ensures that only individuals with attitudes, values and goals acceptable to the owners will be selected. The power of the board of directors to choose its top executives - and to dismiss them if they fail to perform their job properly - when considered in the light of the hierarchical structure of the enterprises concerned, means that effective control over policy can normally be exercised simply through the careful selection of executive personnel. Those who reach the top of the

92. For a good outline of the role of inheritance in the selection of top executives, see: Maurice Zeitlin, "Corporate Ownership and Control: The Large Corporation and the Capitalist Class" op. cit. pp. 1080-1084, 1097, 1098. And, for an examination of the influence of inheritance in determining who will sit on the boards of directors of large companies, see: Gabriel Kolko, Wealth and Power in America, op. cit., pp. 62-64. Kolko has done considerable research on the continuity of family representation on the boards of directors of American industrial corporations. Although he was able to obtain sufficient data on only 72 of the top 100 industrial companies in 1957, he found that the same family names appeared "in board after board." When compared with 1937, 22 families still had at least one member on the board. This, in itself, may not seem striking. But virtually none of these families, according to Berle and Means, had enough shares to exercise effective control. Kolko maintains that their control was exercised through foundations, brokers and other devices which concealed the extent of their ownership. Ibid., pp. 62, 63. More recently, R. Sheehan found that "...30 per cent of the five hundred largest (U.S.) industrials are clearly controlled by identifiable individuals or by family groups." R. Sheehan, "Proprietors in the World of Big Business", Fortune, 15 June 1967, as cited by Ralph Miliband, in The State in Capitalist Society, op. cit., p. 30. Such assessments tend to be conservative simply because much information about company activities is not available to outside researchers.

organizational pyramid are allowed to do so precisely because they excel in those qualities which are considered desirable by shareholders.⁹³ As long as the criteria for promotion are determined by the owners, the possibility of those with different aims rising to the top is minimized.

With his usual astuteness, C.W. Mills outlines why those who possess technical expertise rather than the appropriate instinct for profit are unlikely to reach the top.

On the middle levels, specialization is required. But the operating specialist will not rise; only the 'broadened' man will rise. What does that mean? It means, for one thing, that the specialist is below the level on which men are wholly alerted to profit. The 'broadened' man is the man who, no matter what he may be doing, is able clearly to see the way to maximize the profit for the corporation as a whole, in the long as well as in the short run. The man who rises to the top is the broadened man whose 'speciality' coincides with the aims of the corporation which is the maximization of profit. As he is judged to have realized this aim, he rises within the corporate world.⁹⁴

From the viewpoint of the individuals concerned, a similar process of self-selection is at work. Those who do not believe in the values

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93. Gus Tylor, "A Labour View of the New Class" op. cit., pp. 4, 5; C.W. Mills, The Power Elite, op. cit., p. 176; Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 121-133. The importance of being able to select management personnel was underlined by Knight as long ago as 1921. See: Risk, Uncertainty and Profit, p. 297, as cited by P. Sargant Florence, The Logic of British and American Industry, op. cit., p. 211.
94. C.W. Mills, The Power Elite, op. cit., p. 136. In assessing the value of "managerial ability" as a factor influencing the executive's promotional opportunities, Mills is more cynical: "... (T)he most accurate single definition of ability - a many-sided word is: usefulness to those above, to those in control of one's advancement." Ibid., p. 141. In the U.K. the tendency for Oxford and Cambridge Arts graduates, and, more generally, arts graduates with a public school background to monopolize the top management positions has also been noted. In contrast, scientists and engineers are normally relegated to subordinate roles. See, for example: I.C. McGivern, D.G.J. Matthews and W.H. Scott, Management in Britain, op. cit., pp. 66-68; Theo Nichols, Ownership, Control and Ideology, op. cit., pp. 115, 116.

and goals of business, or who do not believe in them with sufficient commitment are unlikely to make the necessary effort to reach the top.⁹⁵ In arguing this we are not adopting a psychological explanation for the behaviour of managers: rather, we are simply pointing out that business enterprises select and socialize individuals to suit their requirements and hence only those individuals who conform to such standards are allowed to hold the reins of corporate power.

Turning to the actual behaviour of executives in firms which are claimed to be under management control, a detailed study by Robert J. Larner, who himself supports the separation ownership from control thesis, came to the conclusion that "No fundamental differences in the level of profit rates which might be attributed to management control were found."⁹⁶ The most important reason for this similarity, according to Larner, is the fact that management income is tied to profits. The "...profit dependence of executive income", he suggests, "acts as a check to keep managerial discretion within fairly tight limits."⁹⁷ Little evidence could be found to prove that the behaviour of managers was motivated by factors other than the traditional business objectives.

Consequently, the two major claims of the Berle and Means thesis are

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95. Paul A. Baran and Paul Sweezy, Monopoly Capital, op. cit., p. 40. See also the discussion of this question by Theo Nichols in Ownership, Control and Ideology, op. cit., pp. 121-133.
96. Robert J. Larner, Management Control and Large Corporation, op. cit. p. 63. Other writers have noted the same phenomenon. See, for example, the comparison management versus owner controlled firms in Britain, in Michael Barratt-Brown, "The Controllers of British Industry", op. cit., pp. 45-50.
97. Robert J. Larner, Management Control and the Large Corporation, op. cit., p. 65. See also: John Westergaard and Henrietta Reisler, Class in a Capitalist Society, op. cit., pp. 156-170. Obviously such findings conflict with Galbraith's theory that managers no longer attempt to maximize profits. See: J.K. Galbraith, The New Industrial State, op. cit., pp. 69-105.

highly questionable. It is by no means clear that there has been a major separation of ownership from control: nor is it obvious that top managers have interests which are distinct from the shareholders they represent. The argument that managers are independent professionals exercising authority on the basis of their acknowledged expertise is thus quite misleading. For the source of managerial authority is still ownership. and the exercise of that authority is based upon the desire to pursue the interests of property, which means, as often as not, the interests of the manager-shareholders themselves. Whatever may be said about the need for a highly trained executive group to oversee the running of a modern industrial society, the fact remains that managers are agents of owners, not autonomous professionals. They may attempt to justify their power on the basis of expertise or service to the community. But in the final analysis their authority within the factory rests not on consent, but on property. Indeed, C.W. Mills' assessment of the role of managers is as appropriate today as it was twenty-five years ago:

The managers are often thought of as scientific technologists or administrative experts having some autonomous aims. But they are not experts in charge of technology; they are executors of property. The managers who are supposed to have usurped the owners' function actually fulfil it with as much or more devotion as any owner could. The personal relations between big owners and their big managers are, of course, not necessarily 'authoritative', except insofar as the owners and their boards of directors are interested in the profitable balance sheet, and, accordingly, judge their managers as, in fact, the managers judge themselves. External authority is not necessary when the agent has internalized it.⁹⁸

VII

The fact that the purpose of management is one of pursuing the interests of shareholders has significant implications for relations

98. C.W. Mills, White Collar, op. cit., p. 103.

between managers and workers. As executors of shareholders' property, managers are obligated to see that the interests of shareholders always come first. The interests of workers are not their concern, except insofar as such interests affect the fulfilment of the owners' objectives. Moreover, because decision-making authority within the enterprise is based upon the owners' prerogative to dispose of their property as they see fit, managers have a duty to ensure that this prerogative is not infringed upon by other parties. Workers must not be allowed to usurp control over decision-making, for this would be an illegitimate infringement of property rights. As Neil W. Chamberlain points out "...to accede to such a demand would be to violate the obligations inherent in its own legal relationship with the owners."⁹⁹

Management's sole obligation to its shareholders has other implications as well. It is not accountable to workers, consumers or the public for its actions as long as it does not contravene the law. Outside parties have no right to information concerning executive decision-making; nor do they have the right to be consulted about management's plans for the future of the enterprise.¹⁰⁰ Management's refusal to allow workers or their representatives access to information about company affairs again follows its position as trustees of the shareholders, for this information could be used by other groups, such as trade unions or competitors, to damage the interests of the company.

99. Neil W. Chamberlain, "Management in Theory and Practice" in E. Wright Blakke and Clarke Kerr, Unions, Management and the Public (New York, 1948) p. 255.

100. We would not deny that there are exceptions and special cases where the above assertion does not apply. For example, the government may legislate that a minimum period of warning must be given to workers before a plant is closed. But we would argue that such cases constitute minor limitations on managerial prerogatives. And they do not change management's legal responsibility to pursue only the interests of stockholders.

Similarly, decisions about capital expenditures, product lines, research and development, mergers and a host of other matters are the exclusive preserve of management. Although such decisions may have a profound effect upon other groups, and particularly on employees, it is management's legal responsibility to make such judgements solely in the interests of shareholders. Of course, in defending the interests of ownership, top managers are normally defending their own interests as stockholders as well. Consequently, their desire to prevent encroachments on managerial prerogatives can be seen as an attempt to protect the interests of the propertied class of which they are leading members.

However, there are other reasons for management's desire to maintain control over all that transpires within the business enterprise. The very notion of what it means to manage acts as an important influence on management behaviour. The idea that management ought to control decision-making within the enterprise is held by most executives and business leaders. "Effective prediction and control", according to Douglas McGregor, "are as central to the task of management as they are to the task of engineering or medicine."¹⁰¹ In a similar vein, Peter Drucker, another well known management thinker, contends that "The manager is the dynamic, life giving element in every business. Without his leadership the 'resources of production' remain resources and never become production."¹⁰²

This view is reinforced by the belief that the tasks of planning, organizing and co-ordinating production are quite distinct from those of performing work on the shop floor. The expertise and training associated with contemporary management are construed as major reasons for giving those who perform these functions a free hand to manage as

101. Douglas McGregor, The Human Side of Enterprise (New York, 1969) p. 11.

102. Peter Drucker, The Practice of Management, op. cit., p. 13.

they see fit. In addition, the social background, education and class position of most senior executives combine to support their belief that they are most suitable individuals to make the important decisions in industry.¹⁰³ Conversely, involvement by ordinary workers is seen as a threat to economic performance because it is widely assumed that workers lack the intelligence and expertise required to manage industry effectively.

And, finally, we ought not to discount the intrinsic rewards associated with managing a large enterprise as factors influencing the executive's desire to monopolize decision-making. Top executives are not simply motivated by the rewards of status, money and other benefits associated with their jobs: they also derive satisfaction from wielding power itself. Knowledge that their decisions influence the lives of hundreds or, perhaps, thousands of individuals enhances their sense of importance.¹⁰⁴ Nor is the ability to control considerable quantities

103. On this question, see the discussion by Theo Nichols of the social origins, training and outlook of British managers. One of the ironies revealed by Nichols is the fact that while managers were convinced that they were the most qualified people to run industry, few had any training. "Of the 65 directors and senior managers we interviewed in Northern City, 61 had experienced no formal management training prior to taking up their first management position. Nor had many of them attended management or specialist courses since they became managers." Theo Nichols, Ownership, Control and Ideology, op. cit., p. 85. Recent studies have revealed little improvement in this area. See, for example: Ian Glover, "Barely Managing with Academic Qualifications" The Guardian, Feb. 4, 1976, p. 15. We should add, however, that this lack of training is not characteristic of American managers.

104. On this point, see : Alan Fox, Man Management (London, 1974) p. 136. The intrinsic satisfactions of management have also been emphasized by proponents of the separation of ownership from control thesis. Indeed, they have been anxious to show that managers are not primarily concerned with maximizing profits and thus that there is a difference in interest between owners and managers. For example, Gardiner Means postulates four factors which are important in motivating managers: power, prestige, job satisfaction, and, lastly, profits. However, Means fails to demonstrate that there is a fundamental contradiction between the first three intrinsic rewards and the goal of profitability. See: G. Gardiner Means, The Corporate Revolution in America (New York, 1962) p. 171.

of resources - both human and material - an inconsiderable source of gratification. And while the manager is subject to the overall constraints noted earlier, he does have substantially more discretion about how to perform his job than the average worker. He is not subject to close control which is so irksome to lower level employees. Because he has much greater responsibility than his subordinates, he can point with pride to his achievements in running the enterprise. Thus the desire of senior executives to protect their prerogatives is reinforced by the intrinsic benefits associated with management control. To allow workers to have a greater say in decision-making would threaten these rewards.

Indeed, the tendency for managers to identify the maintenance of managerial control with organizational effectiveness can be interpreted, with only a touch of cynicism, as an understandable desire to preserve the power they now wield. For it reflects a wish to believe that the arrangements which give them so many advantages are beneficial to society as well.¹⁰⁵

Thus we see that because of their legal obligation to shareholders, their class position, their conception of the management function, and, finally, their interest in preserving the intrinsic benefits associated with their jobs, managers are anxious to preserve for themselves exclusive control of decision-making within the enterprise they oversee. It should

105. That management has a vested interest in maintaining control of decision-making can be seen in other ways as well. For example, top managers are normally paid very high salaries and given numerous tax-free fringe benefits. Were they accountable to workers, rather than shareholders, it is doubtful if they would be able to maintain such benefits. This argument is developed more extensively in Felix R. Fitzroy, "Foundations of Political Economy" Proceedings of the First International Sociological Conference on Participation and Self-Management (Dubrovnik, Dec., 13-17, 1972) Vol. 5, pp. 89-105, esp. pp. 97, 98.

be emphasized that this view of the purpose of management is not based upon a conspiracy thesis. It is not a question of managers meeting in a back room to decide the most appropriate strategy for establishing their dominance within their firms. Rather, it is a question of how property ownership defines the role of management in a capitalist society, and, consequently, what managers come to see as their legitimate function within this framework.

VIII

Despite the legal basis of management control, the realities of running an enterprise are such that the formal power of management is subject to various checks and limitations. In law, the company may be simply a piece of property. But a company is also a complex network of relationships among human beings. Management power is not all-encompassing precisely because it is power over people rather than material objects - people who may, and frequently do, devise methods of protecting themselves from its exercise.

The principal limitations on management's power arise from its dependence on workers to carry out production. For it must take into account the fact that workers possess skills and knowledge which are essential to the success of the enterprise. And it must accept that it is often not in a position to keep an accurate check on their behaviour. Consequently, it is forced to rely upon their honesty and goodwill if production is to be carried out efficiently.

Thus we confront the fundamental contradiction within the modern business corporation. The legal rights of property give management virtually complete control over all that transpires within the enterprise. But management's de facto dependency upon workers to carry out production

undermines its ability to make full use of these legal rights, for workers are able to use management's dependency upon them to assert their own priorities. Although the extent of this dependency varies considerably, its very existence imposes restrictions upon managerial decision-making which conflict with management's theoretical control.

How have managers attempted to resolve this problem? When we consider the legal obligations of management and the various economic and social factors which encourage managers to believe that they ought to be in full control of organisational decision-making, the answer is not difficult to discern: it is to seek more effective methods of extending managerial control over the productive process.¹⁰⁶ In so doing management hopes to reduce its dependence on workers and thus restrict their ability to interfere with its pursuit of the objectives of shareholders.

Two major strategies can be identified in management's quest for extending control over the productive process. The first has been to reduce the amount of discretion that employees have over the way they perform their jobs. Management has attempted to organize the work of its employees in such a way that it is in a better position to control their behaviour. It has sought to transfer much of the planning and co-ordination of work into its own hands to ensure that workers are not allowed to use their control of these activities to frustrate the aims of shareholders. This has meant that the design of jobs and the division of labour itself have been utilized to promote management control.

As Stephen Marglin has shown in relation to the early development of capitalist production, a major factor encouraging the extensive

106. On this question see: Harry Braverman, Labour and Monopoly Capital, (New York, 1974) pp. 59-83.

division of labour was the desire of employers to create a role for themselves as co-ordinators of production. This role could then be used to control and exploit the labour of the workers who performed the simplified tasks assigned to them. By separating the planning and organization of production from its execution, the early entrepreneurs were able to enhance their own position and reduce the market value of the tasks performed by ordinary workers. And they were able to use their new power to ensure that the enterprises they managed were run according to their own priorities rather than those of workers.¹⁰⁷

Twentieth century managers have also grasped this principle, although few would state it so openly. Nevertheless, they have recognized that insofar as managers are able to monopolize the planning and co-ordinating functions, they are in a position to dominate the process of production and to maintain control over workers. Hence they have been actively seeking methods of taking these functions away from workers. In particular, managers have sought to organize the technical side of production in such a way as to expand their control over the shop floor. The design and lay-out of equipment, the extreme simplification of tasks and the elaborate set of rules and regulations governing the worker's behaviour when using this equipment have all been utilized as tools for extending management control.

The attempt to reduce the amount of discretion exercised by ordinary workers is illustrated clearly in the 'scientific management' movement.

107. Stephen Marglin, "What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production" Discussion Paper No. 222, Nov. 1971, Harvard University, Cambridge, Mass. Reprinted in Review of Radical Political Economics, Vol. 6, No. 2, Summer, 1974, and Vol. 7, No. 1, Spring, 1975.

Although scientific management is widely assumed to be simply a method for rationalizing production methods, it had another appeal to managers. For its founder, F.W. Taylor, had devised a method of reorganizing work which gave management far more control over the shop floor. By using the science of engineering, managers could redesign the jobs of employees in such a way as to force them to work at the pace which management felt was appropriate. And it could reduce its dependence on the work force because Taylor's methods enabled it to take possession of the knowledge and skills required to carry out production on the shop floor. This interpretation of scientific management is not the conventional one. Consequently, we shall devote the first of our three chapters on management theory to the task of showing that the objective of extending managerial control was central to Taylor's approach to management.

Although scientific management achieved some notable successes, it did not prove to be the panacea for management's problems as Taylor had claimed. The task of 'engineering away' the discretion of workers proved considerably more difficult than first thought. Moreover, workers reacted strongly to the destruction of their traditional craft skills and to the simple, repetitive jobs which were the ultimate product of Taylor's engineering principles. Consequently, the importance of enlisting the full co-operation of workers in the pursuit of management aims became increasingly evident. If management were to extend its control, it would have to be by manipulating the attitudes and values of workers and not simply by reorganising their tasks.

Such considerations gave rise to the "human relations" approach to management. Of course, the attempt to foster co-operative attitudes among workers was not new. Various forms of paternalism had been used by employers since the beginning of the industrial revolution. What distinguished the human relations school from its predecessors, however,

was that its proponents advocated the use of social science research in the quest to establish management hegemony. Knowledge of sociology and psychology would enable management to identify the sources of worker discontent and to devise appropriate remedies. The attitudes and values of workers would be brought into conformity with the productive requirements of business enterprises. In short, by applying the knowledge of human behaviour gained by social science, management would gain a new lever of control over its employees.

Alas, human relations was not a panacea either. The task of manipulating the attitudes of workers was far too complex for the rudimentary tools developed by the Hawthorne researchers. Supervision and counselling, the two major techniques of the human relations school, provided only marginal benefits to management. However, the idea of using social science research to further management control has remained a central tenet of postwar management thought. Thus in the last of our three chapters dealing with management control we shall examine the way in which research on the sources of human motivation has been utilized by management theorists to provide more sophisticated methods of making the behaviour of workers conform to the demands made upon them by owners. Participation, job enlargement, job enrichment, and various other techniques of social control will be analyzed and their underlying similarity with previous management strategies made explicit.

On the basis of our analysis of twentieth century management theory, we shall conclude that the management function has not been a natural 'technocratic' one, but rather has been integrally connected with the pursuit of the interests of shareholders. The subordination of workers has not arisen 'inevitably' as a response to the constraints of size, organizational complexity and technological development as suggested by Dahrendorf, Galbraith and other advocates of 'managerialism'. Rather

it has resulted from management's desire to control the behaviour of workers so that their needs and aspirations are not allowed to interfere with the business objectives established by stockholders. ✓

In the second section of the thesis we shall look at the impact of this pattern of control on the workers whose lives are so affected by it. Our purpose will be to highlight the conflict between the human needs of workers and the demands made upon them by a pattern of industrial organization based upon property ownership. We shall argue that the exclusion of workers from industrial decision-making has given rise to a number of major abuses.

To begin with, the physical health and safety of workers has been subordinated to the shareholders' objective of maximizing output and profits. Because the risks associated with using unsafe equipment or following dangerous work procedures are borne by workers, while the benefits of higher production arising therefrom are reaped by owners, and because managers are obligated to pursue only the interests of shareholders, production has been organized on the basis of what is profitable rather than what is safe. Yet the conflict between the demands of owners and the needs of workers is not restricted to the questions of physical health and safety. Pressure for production places severe strains on the psychological well-being of workers. As the work of Arthur Kornhauser and other industrial psychologists has shown, the impact of simple, repetitive jobs performed under close supervision has been to endanger the mental health of ordinary workers and to reduce their overall happiness and sense of personal worth. And, finally, the fact that property forms the basis of industrial organizations has meant that attempts by workers to exercise self-determination at work have been stifled. This situation, we will argue, is not merely detrimental to the interests of workers: it is antithetical to the

democratic belief in self-determination and the sanctity of the individual personality.

In the third section of the thesis, we shall evaluate the effectiveness of contemporary trade unionism as a response to management power. After discussing the major arguments in favour of the existing system of collective bargaining, as outlined by Beatrice and Sydney Webb and refined by Hugh Clegg, we shall indicate the limitations of this approach in countering the abuses of management control discussed earlier. Specifically, we shall point to the implicit acceptance of the values underlying private ownership of industry. Acquiescence to the treatment of labour as a commodity and to the right of those who own to control has meant that trade unions have been unwilling to attack the source of the problems faced by workers. Nor have they been willing to question the view that the purpose of industry is primarily one of maximizing output and profits. Instead, they have focused their energies on eliminating some of the more obvious abuses of the system. While their role in this regard ought not to be disparaged, it has had the unintended effect of legitimizing the framework of private ownership by curtailing some of its glaring injustices. Yet our critique of trade unionism should not be misinterpreted, We are not suggesting that unions be abolished. Rather, we are pointing to the need for a fundamental re-appraisal of their objectives so that they can become an effective instrument for pursuing the interests of producers.

As we have devoted the first three sections of this thesis to a critique of the existing framework of industrial organization, it is appropriate that, in the final section, we examine an alternative view of how industry should be organized. It seems almost inevitable that R.H. Tawney's eloquent statement of the case for workers' control should be the starting point of our discussion. Characteristically, Tawney

went straight to the heart of the matter by asking what the purpose of industry ought to be. Should it be simply to maximize the profits of shareholders? Or were other objectives of greater importance? In particular, should it provide an opportunity for the producers to utilize their talents and skills to the fullest in the provision of a service to the community? And, if this were its purpose, what justification was there for a system of ownership and control which denigrated the role of the producer and subordinated service to private greed? Tawney's answer - that control by producers over their labour was the only morally acceptable basis of industrial organization - is still, we shall argue, as relevant as when it was first put forward over a half century ago.

Yet, if Tawney, more than any other writer, was able to clarify the moral justification for workers' control, it has been the historic role of the Yugoslavs to attempt the transition to a socialist economic system based upon this idea. Thus in the final chapter we shall turn to examine the Yugoslav experiment to see to what extent it provides an answer to the problems discussed earlier. Of particular note is that contrary to Schumpeter's view that workers' management would result in a 'lack of bread' Yugoslavia has been remarkably successful from an economic point of view, achieving a rate of growth surpassed only by Japan in the post-war period. However, our concern with self-management is not primarily in terms of 'efficiency' and 'productivity' but rather in giving producers self-determination at work and eliminating the abuses of management control outlined in the earlier sections of the thesis. Our conclusion, after an extensive review of recent social science research on Yugoslav enterprises is that self-management has been reasonably successful in achieving this objective. Indeed, when the numerous obstacles - cultural, ethnic, economic and political - which

confronted the implementation of workers' democracy in the Yugoslav setting are taken into account, the achievement of the Yugoslavs can only be described as remarkable. On the basis of this evidence, plus the analysis of the function of management developed earlier in the thesis, we shall conclude by arguing that workers' control is both the most logical and morally acceptable basis for the organization of industry in a democratic society.

CHAPTER II

SOCIAL CONTROL THROUGH ENGINEERING: F.W. TAYLOR
AND THE SCIENTIFIC MANAGEMENT APPROACH

As a boy and as a man...Taylor split his world into its minutest parts. Playing croquet, he worried his fellows by plotting the angles of his strokes. When he walked, he counted his steps to learn the most efficient stride. Nervous, high strung, although he neither smoked nor drank, not even coffee or tea, he was a victim all his life of insomnia and nightmares; and, fearing to lie on his back, he could sleep in peace only when bolstered upright in a bed or in a chair. He couldn't stand to see an idle lathe or an idle man. He never loafed and he'd be damned if anybody else would.

This compulsive character Taylor stamped onto a civilization. - Daniel Bell.

I

Much has been written about "Scientific Management" since Frederick Winslow Taylor introduced the concept at the turn of the century.¹ Taylor's ideas on industrial organization have had a profound effect on the lives of tens of millions of workers throughout the world. His

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1. The term "Scientific Management" was not adopted by Taylor until 1910 even though his approach to management was largely developed by this date. Previously Taylor had referred to his system by a number of terms including "Functional Management" and, less modestly, the "Taylor System" of Management. However in 1910 at the Hearings of the Interstate Commerce Commission examining a proposed increase in railroad freight rates, Louis D. Brandeis, one of the lawyers opposing the increase, asked the leading proponents of Taylor's methods to settle on a name for their system. "Scientific Management" was adopted. See: Horace Brookwalter Drury, Scientific Management: A History and Criticism (New York, 1918) Chapter I. For a critique of the use of the term "science" to describe Taylor's techniques see: Georges Friedmann, Industrial Society (Glencoe, Ill., 1964) (orig. pub. 1955) Ch. I; Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 86, 87.

views have become the basis of twentieth century management theory and many would argue that Taylorism is still the most important component of contemporary management practice.² Indeed, even Lenin, no friend of business, expressed admiration for Taylor's methods.³ It is thus logical to begin our examination of management theory with the views of the man who laid its foundations.

Unfortunately, the underlying philosophy of scientific management has too often been confused with the specific techniques used to implement it. A great deal of attention - and criticism - has been focused on the deleterious effects of time and motion study, job analysis, task simplification and the abolition of craft skills. Although these facets of Taylor's system are by no means unimportant, they are not the essence of scientific management. Rather, they are its most dramatic manifestations. The core of scientific management lies in the attempt to transfer control of the productive process from the hands of workers into the hands of management. It is because scientific management offered a systematic and coherent strategy for achieving this goal that it has had such an impact on industrial organization, and not primarily because it simplified and routinized tasks of workers.

To understand why this is so, it is necessary to examine the problems that Taylor set out to solve. It is generally thought that Taylor's

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2. On the impact of Taylorism on contemporary business organizations, see Harry Braverman, Labour and Monopoly Capital (New York, 1974) Ch. 4 especially pp. 86-92; Peter Drucker, The Practice of Management, op. cit., p. 377 and passim; James O'Toole (ed.) Work in America (Cambridge, Mass., 1973) pp. 17-21.
 3. V.I. Lenin, "Scientific Management and the Dictatorship of the Proletariat". This was a speech given in June 1919 and reprinted in V.I. Lenin, Collected Works, Vol. 7 as cited by Daniel Bell, Work and its Discontents (New York, 1970) (orig. pub., 1956) p. 41.

system involved the application of engineering principles in order to rationalize the organization of production.⁴ This is perfectly true. But it is also true that Taylor saw engineering principles as a method for solving another problem: the resistance of workers to the demands made upon them by their employers. Because management was unable to counteract the adverse effects of low worker motivation on production, Taylor saw a pressing need to extend managerial control over the shop-floor. And the key to doing this, he argued, lay in using engineering principles as the basis for a radical, social re-organization of work - a reorganization which would greatly enhance management's

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4. Taylor's arguments first came to public notice with the publication of "A Piece Rate System, Being a Step Toward a Partial Solution of the Labour Problem" Transactions of the American Society of Mechanical Engineers XVI (1895) reprinted in C. Bertrand Thompson (ed.) Scientific Management (Cambridge, Mass., 1922) pp. 636-665. Eight years later, a more comprehensive and sophisticated outline of his views appeared. This was his well-known study, "Shop Management" Trans. A.S.M.E. XXIV (1903) reprinted in a collection of his works entitled simply Scientific Management (New York, 1947). The next important statement of his views was made in his inaugural address as President of A.S.M.E. in 1906. "On the Art of Cutting Metals" Trans. A.S.M.E. XXVIII (1907) reprinted in C. Bertrand Thompson (ed.) Scientific Management, op. cit., pp. 242-268. In 1911 Taylor published his last and most influential work on the topic, The Principles of Scientific Management (New York, 1911). However, the following year he was asked to give evidence to a Special Committee of the U.S. House of Representatives. His Testimony before this Committee has subsequently become one of the most valuable sources of information on his approach to management. See: Hearings Before the Special Committee of the House of Representatives to Investigate the Taylor and Other Systems of Shop Management Under Authority of House Resolution 90 (1912) reprinted in F.W. Taylor Scientific Management (New York, 1947). In the following discussion we shall refer to this simply as Taylor's Testimony.

ability to control the behaviour of its employees.⁵

Taylor believed that output restriction or, as he referred to it, "soldiering", was widespread in industry.⁶ He distinguished two kinds of soldiering: natural and systematic.⁷ The former stemmed from what

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5. The fact that scientific management enhanced management's control has been noted, in passing, by many writers. Yet most have assumed that this was merely an unintended side-effect rather than its basic purpose. Of course, not everyone was persuaded that Taylorism was simply a neutral device for rationalizing and modernizing production. The trade unions who were threatened by Taylor's methods quickly recognized the underlying drive to extend managerial control. And, a number of labour relations analysts of the day, such as Robert F. Hoxie, saw scientific management in a similar light. Nevertheless, the prevailing view among social scientists was one which accepted the neutrality of Taylor's approach. However, in the post-war period, and particularly in the last five years, a more critical attitude towards scientific management has emerged. Stimulated by accounts of the development of contemporary management by writers such as Lorin Baritz and, more recently, Harry Braverman, a major re-evaluation of Taylorism has taken place. Studies by Brian Palmer, Mike Davis and Catherine Stone have attempted to assess Taylor's ideas in terms of their impact in transferring control of production from workers to employers. Although the views of these writers differ on a number of points - Palmer, for example, sees Taylorism as only one aspect of a larger "thrust for efficiency" - they all reject the conventional view that the question of control was incidental to Taylor's approach. For further references, see: Robert F. Hoxie, Scientific Management and Labour (New York, 1915) pp. 98-136; Lorin Baritz, The Servants of Power, op. cit., esp. pp. 97, 98; Brian D. Palmer, "Class, Conception and Conflict: The Thrust for Efficiency, Managerial Views of Labour and the Working Class Rebellion" Review of Radical Political Economics Vol. 7, No. 2 Summer, 1975; Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 85-137; Mike Davis, "The Stop-Watch and the Wooden Shoe: Scientific Management and the Industrial Workers of the World", Radical America Vol. 8, No. 6. Jan.-Feb., 1976, pp. 69-95; Catherine Stone, "The Origins of Job Structures in the Steel Industry" Review of Radical Political Economics, Vol. VI No. 2, 1974, pp. 113-144.
 6. F.W. Taylor, Testimony, op. cit., p. 119; F.W. Taylor, "A Piece Rate System", op. cit., pp. 644, 645. According to the historian Samuel Haber, Taylor opened virtually every speech he gave with a warning about the detrimental effects of soldiering on industrial efficiency in the United States. See: Samuel Haber, Efficiency and Uplift (Chicago, 1964) p. 2. Similarly, Lorin Baritz asserts that "Taylor believed that this situation (soldiering) was characteristic of virtually every factory in the country and he saw it as his task to devise methods whereby the control and determination of rates of production would be taken from the hands of the workers and put into the hands of management." See: Lorin Baritz, The Servants of Power (Middletown, Conn., 1960) pp. 97, 98.
 7. F.W. Taylor, Testimony, op. cit., p. 119.

he saw as man's natural tendency to be lazy. Although natural soldiering could, at times, be a major obstacle to higher productivity, any determined manager could devise effective strategies for counteracting it. On the other hand, systematic soldiering presented employers with a more complex - and serious - problem. This was so because it involved the social regulation of output by groups of workers who followed their own, rather than management's, standards about how much they ought to produce.⁸ Thus it involved a conscious attempt by workers to deceive their employers. "...(S)ystematic soldiering", Taylor asserted, "is done by the men with the deliberate object of keeping their employer ignorant of how fast work can be done."⁹ Not only did work groups establish their own output quotas, they also pressurised all members to conform to these quotas. Even if a worker wanted to comply with management's objectives, fear of retaliation by fellow workers made him comply with the group's standards.

The adverse effects of systematic soldiering on production were of enormous proportions, according to Taylor. Workers commonly limited their output to one third or one quarter of what was feasible. From Taylor's

8. F.W. Taylor, Shop Management, op. cit., p. 31 and passim. However, as Earnest Dale notes, Taylor saw soldiering, in some circumstances, as a rational response to anomalies and perceived injustices in the wage structure. Taylor believed that when management was ignorant of the amount of work involved in the tasks assigned to workers, inevitably some ended up working harder than others for the same wage. Because management could not distinguish between the diligent worker and the plodder, it frequently cut the rate of the former and raised that of the latter in its attempt to maintain relatively equal wages among employees with the same skills. Workers quickly concluded that there was nothing to be gained by increasing their output. Thus they conspired to turn out that amount which they thought would maximize their earnings with the minimum of effort. See: Earnest Dale, Management: Theory and Practice (New York, 1973) p. 114.

9. F.W. Taylor, Testimony, op. cit., p. 119.

point of view this constituted an immense swindle of employers who were paying wages for work that was not performed. Because he believed that employers had the right to demand that their employees work to the limit of their ability, Taylor deplored this practice and felt that employers should do everything in their power to end it. Indeed, the notion of relaxing on the job or working at a congenial pace was quite repugnant to him, for he believed that the sole purpose of work was to maximize output. According to his official biographer, Frank Copley, "The idea of a man doing less than his best was to him morally shocking. He was concerned for the effect of it on the man's own character."¹⁰ So strong was Taylor's reaction to soldiering, that he called it the greatest evil within contemporary industry.

A good deal has been said and is being constantly said about the "sweat shop" work and conditions. The writer has great sympathy for those who are over-worked, but on the whole, a greater sympathy for those who are under-paid. For every individual, however, who is over-worked, there are a hundred who intentionally under-work - greatly under-work - every day of their lives, and who for this reason deliberately aid in establishing those conditions which in the end invariably result in low wages. And yet hardly a single voice is being raised in an endeavour to correct this evil. (his emphasis)¹¹

Taylor believed that soldiering existed because workers, rather than managers controlled the planning, organizing and execution of work on the shop-floor. This was most obvious in the case of skilled workers, although it was by no means restricted to them. The craft worker performed his job according to methods evolved within his own trade rather than to rules and regulations established by management. He had a strong sense of what we now refer to as "job property rights" and he guarded these rights

10. Frank Copley, Frederick W. Taylor: Father of Scientific Management (2 Vol.) (New York, 1918) Vol. I, p. 207 (his emphasis).

11. F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 17, 18.

jealously from infringements by management. In addition, he exercised control over the methods to be followed in production, the tools to be used and the time allotted to each job. It was normal for management to assign him a task and then leave it to him to perform it in whatever way he thought best.¹² Although management scrutinized the work of unskilled workers to a greater degree, it was still customary for them to be given considerable discretion over the way they did their jobs.¹³

Control of production methods by workers meant that management was dependent upon them. Because management had little idea of how much effort or time was required to perform the various jobs done by its employees, it simply had to rely on their honesty and good faith. Given the prevalence of soldiering, Taylor felt that this was quite unsatisfactory. Management had no way of telling whether inefficient methods of working were being used because it had no objective standards against which to measure worker performance. And, because it lacked clear standards, it had no effective method for establishing whether workers were restricting their output.

Taylor's views on soldiering crystallized during his apprenticeship at the Midvale Steel Plant. As a worker, he had participated in the

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12. The role of the craft worker in the steel industry where Taylor developed his ideas is outlined in Catherine Stone's recent article "The Origins of Job Structures in the Steel Industry" op. cit., pp. 115-127.
 13. F.W. Taylor, "A Piece Rate System: Toward a Partial Solution of the Labour Problems", op. cit., pp.637-642; F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 31, 32. On the question of the value of craft knowledge to the worker as a means of increasing his bargaining power, See: "Modern Industry and Craft Skill" an editorial published by the International Moulder's Journal as cited by Robert Hoxie, Scientific Management and Labour, op. cit., pp. 131-133. Hoxie argues that craft workers were well aware of the threat that scientific management posed to their autonomy and for this reason were anxious to prevent its implementation. For a more recent discussion of this issue, See: Mike Davis, "The Stop-Watch and the Wooden Shoe", op. cit., pp. 69-73. See also: David Jenkins, Job Power, (Baltimore, Md., 1974) (orig. pub. 1973) p. 25, and; Harry Braverman, Labour and Monopoly Capital, op. cit., Ch. 2.

deliberate restriction of output along with his fellow machinists. Hence he was familiar with the various ploys used to hoodwink management. However, when he was promoted to foremen of the shop, he vowed to stamp out this practice. For three bitter years he harassed his former work-mates unrelentingly to force them to produce what he thought was a fair day's work. Eventually they capitulated in the face of his ruthless tactics. But the emotional strain incurred during this period led him to search for a better way to make employees conform to management objectives.¹⁴

Upon reflection, he came to believe that what management required was a systematic method of determining precisely how much work an employee could perform:

When I came to think over the matter, I realized that the thing which we on the management side lacked more than anything else was exact knowledge as to how long it ought to take a workman to do his work...I could take any workman and show him how to run his lathe but when it came to telling a man how long it ought to take him to do his work, there was no foreman who at that time could do this with any degree of accuracy, even if he knew ten times as much about the time problem as I did. You will remember, of course, that the chief object of the men in soldiering was to keep their foreman ignorant of how fast the work could be done.¹⁵

Taylor reasoned that if management took upon itself the responsibility of organizing the jobs workers performed, it would be able to regulate the pace and quality of their work more effectively. By adopting the

14. F.W. Taylor, Testimony, op. cit., pp. 79-85. For a detailed account of this period in his life see: Frank Copley, Frederick W. Taylor: Father of Scientific Management Vol. I, op. cit.

15. F.W. Taylor, Testimony, op. cit., pp. 85, 86. We might add that the factor of uncertainty itself influenced Taylor's views on this question. As long as workers maintained their monopoly of information, management would never know if the methods used and the time allotted to a job were such as to maximize efficiency. Thus even if workers were diligently pursuing management's objectives in this regard, management would still have no way of verifying this. As a consequence, suspicions about their performance could never be assuaged. But, with the transfer of knowledge to management and the implementation of Taylor's techniques, this element of uncertainty would be eliminated.

principles of "Scientific Management" which we will examine in a moment, it would reduce its dependence on workers and at the same time be in a much more favourable position to control production on the shop floor.¹⁶

The major difference between Taylor's new approach and what he referred to as the traditional "initiative and incentive" approach to management lay in the enhanced responsibilities assumed by management. Where the old system allowed workers to plan as well as execute their tasks, his new method involved a radical separation of these activities:

The philosophy of the management of 'initiative and incentive' makes it necessary for each workman to bear almost the entire responsibility for the general plan as well as for each detail of his work, and in many cases for his implements as well. In addition to this, he must do all the actual physical labour. The development of a science, on the other hand, involves the establishment of many rules, laws and formulae which replace the judgement of the individual workman and which can be effectively used only after having been systematically recorded, indexed, etc. The practical use of scientific data also calls for a room in which to keep the books, records, etc. and a desk for the planner to work at. Thus all of the planning which under the old system was done by the workman, as a result of his personal experience, must, of necessity, under the new system, be done by the management in accordance with the laws of the science; because even if the working man was well suited to the development and use of scientific data, it would be physically impossible for him to work at his machine and at a desk at the same time. It is also clear that in most cases one type of man is needed to plan ahead and an entirely different type to execute the work.¹⁷

As the preceding quotation demonstrates, particularly in the rather lame argument that a man cannot work on a machine and sit at a desk at the same time, Taylor's approach was consciously designed to take away the workman's autonomy. The goal of breaking the control workers

16. F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 36-38.

17. Ibid., pp. 37, 38.

exercised over production lay behind Taylor's new techniques for the organization of work. Thus the extension of managerial control over the worker and his work was not an accidental by-product of scientific management as is commonly thought. Rather, it was the central objective.

II

To reach this objective it was necessary for management to collect all relevant information associated with the performance of each job. In so doing it would eliminate labour's monopoly of knowledge. Once it had done this it could select the most efficient methods from among those used by different workmen. These would then become the standard methods which all workers would be required to use. As Lorin Baritz notes, the implications of this reorganization of work were that "Labour skills would be transferred to management for analysis, then handed back piecemeal to workers with the result that they would no longer be masters of a craft."¹⁸

Taylor outlined the steps in this re-organization of work in the following way:

First: Find, say, 10 or 15 different men (preferably in as many different establishments and different parts of the country) who are specially skilled in doing the particular work to be analyzed.

Second: Study the exact series of elementary operations or motions which each of these men uses in doing the work which is being investigated, as well as the implements each man uses.

Third: Study with a stop-watch the time required to make each of these elementary movements and then select the quickest way of doing each element of the work.

Fourth: Eliminate all false movements, slow movements and useless movements.

18. Lorin Baritz, The Servants of Power, op. cit., p. 29. See also: Horace B. Drury, Scientific Management: A History and Criticism (New York, 1918) pp. 201-210; Robert Hoxie, Scientific Management and Labour, op. cit., pp. 13-20, 131-136, and passim; and Georges Friedmann, Industrial Society (Glencoe, 1964) (orig. pub. 1955) pp. 63, 64.

Fifth: After doing away with all unnecessary movements, collect into one series the quickest and best movements as well as the best implements.

This one new method is then substituted in place of the ten or fifteen inferior series which were formerly in use. The best method is taught first to the teachers (or functional foremen) and by them to every workman in the establishment until it is superseded by a quicker and better series of movements.¹⁹

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19. F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 117, 118. See also: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I, pp. 223-236 and passim. Of course, the idea of breaking down jobs into their simplest components antedates Taylor. Adam Smith, in his famous discussion of pin-making, pointed out the economic advantages of the division of labour in the following way:

"The great increase in the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing is owing to three different circumstances: first, to the increase of dexterity in every particular workman; secondly, to the saving of time which is commonly lost in passing from one species of work to another; and, lastly, to the invention of a great number of machines which facilitate and abridge labour and enable one man to do the work of many."

And, we might add, Smith also noted the deleterious effects of such a division of labour on workers. See: Adam Smith, The Wealth of Nations, Bruce Mazlish (ed.) (New York, 1961) (orig. pub. 1776) Ch. I and II. The quotation is to be found on page 7. For an interesting discussion of Smith's unconscious bias in favour of employers, see: Stephen Marglin, What Do Bosses Do? op. cit.

In the 1830's Charles Babbage published On The Economy of Machinery and Manufacture. In this book he suggested that the division of labour had another advantage from the employer's point of view:

"(T)he master craftsman, by dividing the work to be executed into different processes, each requiring different degrees of skill or force, can purchase exactly the precise quantity of both which is necessary for each process; whereas, if the whole work were executed by one workman, that person must possess sufficient skill to perform the most difficult, and sufficient strength to execute the most laborious, of the operations into which the art is divided."

Babbage also measured the time it took for workers to perform different tasks. However, as Taylor's official biographer, Frank Copley, points out, neither Smith, nor Babbage, attempted to determine how much time it "ought" to take to perform a job. Nor did they focus attention on the elimination of all extraneous motions. Thus what was unique about Taylor's contribution was the use of time and motion study to control the performance of workers. If Smith can be credited with recognizing the advantages of the division of labour in increasing worker efficiency, and Babbage with seeing its value to employers in substituting less skilled labour, Taylor can be given the dubious honour of seeing its potential in extending management control. See; Charles Babbage, On The Economy of Machinery and Manufacture (4th ed. 1835) reprinted, in part, in Louis E. Davis and James C. Taylor, Design of Jobs (London, 1972) p. 26. See also: Frank W. Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I, pp. 223-236.

The principle of developing standard tools and work procedures allowed management to monitor the behaviour of workers more effectively because now it could readily identify a worker who was deliberately restricting his output. Although Taylor believed that there was usually "one best method" of performing a task, his advocacy of standardized work procedures was based primarily on their value as a method for regulating employee behaviour, and not because they invariably embodied the 'best' method of performing a job.

After management has simplified and reorganized the tasks of its employees to eliminate all unnecessary motions, the next step was to discover precisely how fast an energetic and highly motivated worker could perform them. Through the use of the stop-watch, the exact amount of time required to perform a task was measured and the number of times a task could be repeated during an hour or a day was calculated.²⁰ This figure then became the established "rate" of production.

The principle of timing each task and setting a rate of production gave management an important new technique for controlling the performance of its employees. Now it could set the pace of work and dismiss employees who failed to meet this pace. Soldiering could thus be sharply reduced and management was no longer confronted with the uncertainty of whether its employees were maximizing output - an uncertainty which was inherent in the older techniques of management.

20. F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 117-118. Taylor's attitude towards employees who resented the observation of their working methods by the time-and-motion study experts was characteristically unsympathetic. "... (If any man objects to time study, the real objection is not that it makes him nervous. His real objection is that he does not want his employer to know how long it takes him to do his job." Frederick W. Taylor, Testimony, op. cit., as cited by Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I, p. 234. For a critique of Taylor's time and motion techniques, see: Georges Friedmann, Industrial Society, op. cit., pp. 51-63.

Once management had analyzed, reorganized and timed the jobs of its workers, the next step was to plan each day's work for them in advance. This was now feasible because it could calculate the time required for each task. Moreover, in planning work ahead of time, it could specify precisely how the job was to be done, the tools to be used and the time allotted.²¹ As a consequence, it could extract maximum production from each worker.

The reorganization of work according to the principles of scientific management had other benefits, as well. Work normally performed by skilled workers could now be done by the semi-skilled or unskilled. This resulted in significant reductions in labour costs. Moreover, the use of less skilled workers further reduced management's dependency on its labour force.²²

III

In addition to reducing the discretion of workers, Taylor argued that there ought to be a clear separation between planning and execution.²³ He believed that the person who performed a job was unlikely to understand the principles underlying its organization. Consequently, he felt that

21. F.W. Taylor, The Principles of Scientific Management, op. cit., p. 39.

22. F.W. Taylor, Shop Management, op. cit., p. 105. According to his biographer, Frank Copley, Taylor believed in the "economic principle that none of the time of higher priced labour should be devoted to work that could be done by lower priced labour." Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I, p. 278. See also: Georges Friedmann, Industrial Society, op. cit., p. 63.

23. On this point see the discussion by Samuel Haber in Efficiency and Uplift, op. cit., pp. 24-26. The impact of Taylor's view that planning should be separated from performance is still being felt in modern industry. See, for example, Harry Braverman's excellent discussion of post-war attempts in this direction in Labour and Monopoly Capital, op. cit., Ch. 5.

management should do the thinking while workers should simply do as they were told.²⁴ This division reflected his belief in the superior knowledge, skill and intelligence of managers. Of course, Taylor did not deny that some workers were as intelligent as managers. But he argued that they had the opportunity to join the ranks of the latter group if their performance merited promotion. And, he had no reservations in categorizing the majority as distinctly inferior, both morally and intellectually. They could all be what he described as "first class men." But the definition of a "first class man" was quite different for each group. According to Samuel Haber:

When discussing the place of each worker in the factory, Taylor turned to Platonic metaphors of racehorses and dray horses, songbirds and sparrows. He saw the factory hierarchy as one of abilities. The division of labour did not constrict the worker excessively, because he might rise to that level of competence of which he was capable. Taylor insisted that each worker be treated individually and not en masse. Each was to be rewarded and punished for his particular deeds. In this way Taylor introduced individualism into the factory, but individualism in a diminished form. It could not measure up to the model of the entrepreneur in the market.²⁵

When Taylor was not comparing workers with animals, he was comparing them with components of a machine.²⁶ Yet machine or beast, it made little difference. The point was that the narrow and circumscribed tasks devised by scientific managers were seen as appropriate for the limited

24. As Frank Copley, Taylor's official biographer, noted, Taylor never tired of informing recalcitrant workers that they were not paid to think. See: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. II, p. 13.

25. Samuel Haber, Efficiency and Uplift, op. cit., p. 23. (his emphasis).

26. Brian Palmer, "Class, Conception and Conflict: The Thrust for Efficiency, Managerial Views of Labour and the Working Class Rebellion", op. cit. pp. 37-40. See also: Samuel Haber, Efficiency and Uplift, op. cit. pp. 23-26.

intelligence of the workers assigned to them. Men were to be fitted to the needs of the productive system, rather than having production organized to fulfil their needs. The separation of planning and execution of work also enabled management to choose the cheapest grade of labour for each job. Taylor referred to this as finding the "right man for the right job." By this he meant that it was management's responsibility to give each worker a job that made full use of the labour for which management had paid. Careful placement of workers would ensure that the productive potential of each was utilized to the maximum. In choosing men for heavy physical work, for example, Taylor advised that only the strongest should be used. Nine out of ten men would be unsuitable. Once management had selected the strongest, it could establish a rate of production which would maximize their output. Needless to say, the pace set for these "first class men" would be far higher than any ordinary worker could achieve.²⁷ Thus, by separating the planning from the performance of work, management obtained a new and important method for reducing labour costs.

IV

Taylor and his followers also laboured diligently to devise technical innovations which would give management more effective control of work procedures. One of the major impediments to the attainment of this goal at the Bethlehem Steel Company was the fact that there was no method other

27. Taylor's response to charges that he was overworking his employees was that only those who were fit to perform a job were placed at it. Naturally the rate of work established for an 18 stone man was far higher than that for a 10 stone man. But as long as 18 stone men performed the job, Taylor asserted, they could not be overworked. Of course, what Taylor failed to answer was the question of how to prevent abuses of this system. Management clearly had much to gain if it set the rate according to the strongest workmen and then expected others to meet the pace. And, this, of course, is precisely what happened.

than trial and error for determining the hardness, speed and angles of the tools used for cutting metals. Each workman learned, through his own experience, roughly what was required to do the job. Because there were more than a dozen variables associated with this task, it was thought impossible to devise a more exact method.²⁸ However, after a number of years' research and with the encouragement of Taylor, Carl Barth developed a slide rule which solved this problem.

The value of this technical innovation, according to Taylor, lay not so much in the fact that it enabled workers to select the most efficient cutting speeds but rather in that it gave management the information required to control work procedures more effectively.

The gain from these slide rules is far greater than that of all other improvements combined because it accomplishes the original object for which in 1880 the experiments were started, i.e. that of taking the control of the machine shop out of the hands of the many workmen and placing it completely in the hands of the management, thus superseding 'rule of thumb' by scientific control.²⁹

As Catherine Stone points out, the extension of managerial control over the technology used in production also made it possible to exclude workers from a share of the benefits of that technology. Whereas under the old craft system, the master craftsman customarily received payment on a scale which took into account the selling price of the product, under the new system workers were paid only as wage labourers. The "partnership" between labour and capital was replaced by the unilateral right of employers to distribute the profits of technology as they saw fit. Thus workers not only lost control of how they performed their jobs; they lost the

28. F.W. Taylor, "On the Art of Cutting Metals" in Clarence E. Thompson (ed.), Scientific Management, op. cit., pp. 242-244 and passim.

29. F.W. Taylor, "On the Art of Cutting Metals" op. cit., p. 39 as cited by: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. II, p. 120.

accompanying financial rewards as well. From management's point of view this constituted a major advance because it was now free to substitute labour saving machinery without having to share the benefits with workers.³⁰

The development of the assembly line, chiefly by Henry Ford, carried Taylor's approach to technological innovation to its logical conclusion. As managers soon realized, the value of the assembly-line lay not simply in cutting out unnecessary motions by bringing tasks to workers in a planned and convenient way. It also enabled management to control the pace of production more effectively. So long as management was able to determine both the lay-out and the speed of the assembly-line it could regulate precisely how much work each of its employees turned out in a day. As Lorin Baritz observes:

The basic idea that Henry Ford implemented in his factory was not simply the mechanical organization of the conveyor belt system, but a conception of a predetermined social organization in relation to such technical innovation.³¹

In many respects, the assembly line epitomizes the approach of scientific management to the organization of work. It involves a complete separation of planning from execution. It standardizes and simplifies tasks such that a minimum of skill is required. It carefully times each motion in order to ensure that every second is used in a productive way. And, most importantly, it shifts control of the shop-floor from the hands of workers to management.

30. Catherine Stone, "The Origins of Job Structures in the Steel Industry", op. cit., pp. 121-123 and passim.

31. Lorin Baritz, The Servants of Power, op. cit., p. 10. We might add that it is precisely because the assembly line affords management the opportunity to exercise greater social control that it has given rise to so much conflict between workers and managers. For recent discussions of this question, See: Hugh Beynon, Working For Ford (London, 1973) and; Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 146-149.

Taylor did not limit his advice to the reorganization of the technical side of production. He believed that the careful design of payment systems would give management another way of making workers comply with its demands. The principle underlying the design of wage incentives, Taylor argued, ought to be one of rewarding workers whomet management's rate, while penalizing those whodid not. By feeding the ambitions of individual workers, Taylor felt that it would be possible to persuade workers that their interests were best served by striving to obtain the output quotas established by management.³²

Although Taylor believed that different systems of payment, including day work, had a legitimate role to play under scientific management, he favoured his own differential piece rate system. What distinguished this system from the earlier Halsey Premium Plan and other piece rate systems was that workers were paid according to how fast they worked as well as how much they produced. For example, if the number of pieces established for a day's work was 100, then the worker who met this quota was paid at the top rate per item. And he received a bonus for meeting the quota as well. However, if he produced only 80 pieces, he lost the bonus and was paid less for each piece. Consequently, the difference in earnings between the worker who met or exceeded the quota and one who failed to do so was

32. Catherine Stone, "The Origins of Job Structures in the Steel Industry", op. cit., pp. 130, 131.

quite substantial.³³

Taylor's differential piece rate system was integrally connected with his advocacy of time and motion studies. Because he believed that it was possible to determine the exact amount of time and exertion required to perform each job, he felt that anomalies in the payment system could be eliminated. Under the traditional "initiative and incentive" management system, piece-rates were assessed on a guess-work basis. Hence the rate set by calculating the output of an energetic workman might be considerably more difficult to meet than one established by examining the speed of a lazy worker. This lack of standardization meant that some workers obtained high wages with little effort while others could not do so even if they worked to the limit of their capacity. Such inequalities, Taylor argued, gave rise to resentment towards management because wages did not correspond to effort.³⁴ However, time and motion study made it possible to link wages directly to the work performed. Once payment reflected effort, Taylor felt that workers would recognize the inherent fairness of his system and thus

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33. F.W. Taylor, "A Piece Rate System: Being a Step Towards Partial Solution of the Labour Problem." Reprinted in C. Bertrand Thompson (ed.) Scientific Management, op. cit., pp. 653-665. See also the detailed explanation in: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit. Vol. I, pp. 304-314 and *passim*; and, in: Horace Drury, Scientific Management: A History and Criticism, op. cit., pp. 61-67. For a critique of this system see: Robert Hoxie, Scientific Management and Labour, op. cit., pp. 61-67; and, more recently, J.E.T. Eldridge, Sociology and Industrial Life (London, 1971) pp. 51, 52. Additional methods for assessing the wages were developed by other members of the Scientific Management Movement. Gantt and Emerson, two of Taylor's associates, came to believe that the differential piece rate system had major limitations arising from the large gap in earnings between the worker who met or exceeded his quota and the worker who failed to do so. Consequently, both Gantt and Emerson devised their own systems using different combinations of piece work and day work. For an outline of the three systems, see: Robert F. Hoxie, Scientific Management and Labour, op. cit., pp. 61-87.
34. F.W. Taylor, "A Piece Rate System: Being a Step Toward Partial Solution of the Labour Problem." op. cit., p. 657.

co-operate with management in making it work successfully.³⁵

Taylor admonished managers to pay higher wages under his new system; otherwise, workers would resent the fact that they were working harder without earning more. Higher wages would secure their agreement to the increased demands made upon them. As a general guide, he suggested that a 30% increase in wages was normal, although in some cases 20% might be sufficient, while in others a 75% or 100% increase might be required. In virtually every paper and speech he gave, Taylor reiterated the point that the payment of higher wages was an integral part of scientific management. Unless workers could see the financial benefits of his system, he warned managers, they would sabotage it.³⁶

35. Ibid., p. 663. The fallacy in this argument has been noted by many critics of Taylorism. The fact that a man can do a job in a certain period of time does not tell us how fast he ought to work. Secondly, as J.E.T. Eldridge rightly points out "...no matter how accurately one can time a job one is still involved in a bargain over its price. Conflicts of interests are...not eliminated by 'scientific' rate fixing." See: J.E.T. Eldridge, Sociology and Industrial Life, op. cit., pp. 51, 52. I am grateful to Dr. James Rinshart of the University of Western Ontario for underlining the importance of the first point to me.

36. F.W. Taylor, "A Piece Rate System: Being a Step Toward Partial Solution of the Labour Problem" op. cit., pp. 653, 665. F.W. Taylor and Sanford Thompson, Concrete Costs, op. cit., pp. 103, 104; F.W. Taylor Testimony, op. cit., pp. 133, 134. Taylor was quite serious about raising wages and he did so in the various factories that he reorganized. Indeed, it was one of the conditions which he laid down before he would help an employer introduce scientific management. For example, when asked by Robert P. Linderman, President of the Bethlehem Steel Company, to establish his new methods in the firm, Taylor made it clear that he would raise wages. See his letter to Robert P. Linderman, Jan. 19, 1908, as cited by F.W. Copley, Frederick W. Taylor: Father of Scientific Management, Vol. II op. cit., p. 13. This idea was implemented amidst a great deal of publicity by Henry Ford a few years later when he introduced the \$5.00 day. Although Ford was given considerable credit for his generosity, he was actually attempting to counteract the rising labour turnover which his mass production techniques gave rise to. Because Ford's competitors had not simplified the tasks of their workers to the same degree, opportunities for the exercise of craft skills existed in their factories. By 1914 the drift of Ford workers to other car manufacturers had reached such alarming dimensions that Ford came to believe that only such a dramatic gesture would stop the trend. It was then that he realized that generosity was also good business. For a concise discussion of the influence of Scientific Management on Ford, see: Roger Barlingame, Henry Ford (London, 1957) esp. pp. 74-77. Barlingame has also written one of the standard biographies of Taylor. See also: Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 148-150.

Yet while Taylor advocated the payment of higher wages, he did not believe that they ought to be directly proportional to increases in output.³⁷ In practice, this meant that workers who doubled their output were paid only 20% or 30% more. Taylor's method of determining how much to pay workers belied his scientific pretensions. For what he did was to reorganize a job and establish the appropriate pace of work for it. Then he would offer workers the opportunity of taking this job at different rates of pay. Some would receive 15% more, some 20%, some 30% and so on. Normally, he found that workers at the lowest wage would leave while those at the highest would remain. However between these two rates, there would be one which provided a sufficient incentive to keep men at that job. This then became the "scientifically" determined rate.³⁸

Taylor justified paying wage rises which were substantially less than increases in worker output in several ways. First, he argued that a worker whose production trebled under the scientific management ought not to get three times his former wage because management had to recoup the money spent in reorganizing his job. Second, because the worker was not responsible for his increase in output he had no moral claim on it. Third, the surplus that remained after the worker's wage and the cost of innovation had been deducted was not entirely profit for the owners. Through the interplay of market forces, labour savings were transmitted

37. F.W. Taylor, "A Piece Rate System, Being a Step Towards Partial Solution of the Labour Problem," op. cit., pp. 661, 662; F.W. Taylor, Concrete Costs, op. cit., pp.

38. F.W. Taylor, Testimony, op. cit., as cited by Horace B. Drury, Scientific Management: A History and Criticism, op. cit., pp. 204, 205. Drury goes on to point out that far from being science, this method of calculating wages was simply a "rough and ready solution" which "found out by trial and error the least amount for which they will perform it." Ibid., p. 205. In the three establishments which Taylor pointed to as examples of how his system ought to work, the average increase was, according to Drury, only 25%. The three firms were the Tabor Manufacturing Company, the Link Belt Company and the Watertown Arsenal. See: Ibid., p. 226.

to the consumer in the form of lower prices. Taylor acknowledged that shareholders could make excessive profits in the short run. But he argued that in the long term, market competition would ensure that the benefits of scientific management were passed on to the public. Thus employers were quite justified in retaining most of the profits accruing from scientific management.³⁹

Finally, Taylor believed that too great an increase in wages was harmful to the interests of the worker because he would be unlikely to spend his enlarged income wisely. This attitude reflected Taylor's own puritanism and his desire that the working class adopt middle class values such as thrift, hard work and abstemiousness. Without such values, Taylor feared that the worker would dissipate his increased wages in laziness or drink.⁴⁰ Hence, management was acting in the worker's interest by not allowing him to double or triple his wages.

39. Taylor's position on this question is outlined in an exchange of letters with Upton Sinclair in The American Magazine. Sinclair began the correspondence in response to the publication, in the same journal, of the first instalment of The Principles of Scientific Management. In replying to Sinclair's criticism of the disproportionate benefits owners received, Taylor outlined the above reasons as justifications. The letters are reprinted in Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. II, pp. 59-65, 237, 238. See also: C. Bertrand Thompson, The Theory and Practice of Scientific Management, op. cit., pp. 156-159.

40. Frank W. Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I, pp. 325-331. See also: Brian Palmer, "Class, Conceptions and Conflict: The Thrust for Efficiency, Managerial Views of Labour and the Working Class Rebellion", op. cit., p. 39. Palmer notes Taylor's lack of concern over the huge profits that were being made from his methods: "When Taylor concluded that 'it does not do for most men to get too rich too fast' he excluded companies such as the Bethlehem Steel, which, through the implementation of efficiency measures, increased output from 300-500 percent, cut costs 60 per cent, and saved, strictly on the level of labour costs, \$126,000 over a two year period." Ibid., p. 39. Similar savings were made at other plants where Taylor's methods were introduced. See again: Frank Copley, op. cit., Vol. I, pp. 384, 385; Vol. II, pp. 50-53; Catherine Stone, "The origins of Job Structures in the Steel Industry", op. cit., pp. 126, 127.

Of course, another, less altruistic reason was also in Taylor's mind. If workers were paid too much, they might choose to work only three or four days a week. Alternatively they might save enough to be able to quit working for a substantial period each year. In either case, the reduced economic dependence of workers on their employers would make it harder to enforce the kind of discipline necessary to run a factory according to Taylor's principles. Thus by keeping wage increases to a moderate level, management would ensure that its employees reported to work on a regular basis.

VI

Taylor did not limit his advice to the reorganization of the tasks of workers and the development of effective wage incentives. He believed that there were a number of other things management could do to reduce employee opposition to its policies. Of these, the most important was to limit the influence of the work group over production. As we noted earlier, his experience as a foreman at the Midvale Steel Plant led him to the conclusion that the impact of work groups on output was almost always negative. When employees worked together they engaged in systematic soldiering and subverted management objectives.⁴¹

The solution to this problem was to remove the individual from the influence of the group. As a matter of policy, Taylor argued, management should deal with workers solely as individuals and never in terms of categories, classes or groups. There were a number of things it could do to implement such a policy. It could organize the jobs of its employees in such a way that wherever possible they worked alone. At the Bethlehem Steel Company, for example, Taylor banned groups of more than four employees

41. F.W. Taylor, Shop Management, op. cit., p. 31; F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 69, 70. For a detailed account of Taylor's attitudes towards work groups, see: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I., pp. 205-215 and passim.

from working together anywhere in the works.⁴² Management could also design wage incentive schemes to encourage individualistic attitudes and behaviour. And, finally, it could use its control of promotion to reward compliant workers while ignoring those who were less co-operative. Such practices would ensure that the interests of each worker differed from those of his fellows.⁴³ And they would create a situation in which each worker could pursue his interests most effectively by co-operating fully with management.

What the breaking up of work groups meant in terms of extending managerial control was quite simple. It ensured that each worker had to deal with the organizational power of management in an individual capacity. The formation of employee collectivities - even if they were only work groups - gave rise to the possibility of mutual support and co-operation among workers against the interests of management. Hence it tended to reduce managerial control over employees and their work. Because Taylor felt that the only legitimate basis of social organization within the enterprise ought to be the hierarchical one controlled by management, he believed that management was perfectly justified in eliminating such groups, and thus weakening the ability of workers to resist management demands.

This attitude was reflected in his position on trade unionism as well. Taylor said that he had no objection to trade unions as long as they did not advocate the restriction of output. He believed that workers formed unions primarily to protect themselves from bad management practices and not because there was any fundamental conflict of interest between employers and workers. Within conventionally managed firms, Taylor

42. F.W. Taylor, The Principles of Scientific Management, op. cit., p. 73.

43. F.W. Taylor, A Piece Rate System, op. cit., pp. 660-665. See also: Robert Hoxie, Scientific Management and Labour, op. cit., pp. 105-112 for a discussion of the implications of this approach on trade unions.

conceded, there were no objective standards by which to assess the fairness of management decisions. Instead, employers established the terms and conditions of employment in an arbitrary manner. Under such a system abuses were inevitable, even when managers had no intention of treating their workers unfairly. And, when workers disputed the fairness of management decisions, there was no objective method of determining who was right. Hence the only solution was for the two parties to bargain over their differences.⁴⁴

Under scientific management, however, such bargaining would no longer be necessary, for these issues would be resolved by the investigation of scientifically trained experts. Once these experts had established the appropriate standards of work and remuneration, all that remained was for workers and managers to co-operate in the implementation of their findings. The exercise of arbitrary managerial authority was thus replaced, according to Taylor, by objective, scientific standards which both parties were required to follow. As Reinhard Bendix argues:

Taylor 'eliminated' the personal exercise of authority altogether. Once his methods had been introduced the managers would be as much subject to rules and discipline as the workers themselves. And these rules would not be arbitrary, for they would be determined by impartial enquiry, not by the judgement of those who exercised authority. Thus co-operation resulted from the fact that workers and managers complied with the results of scientific enquiries...⁴⁵

44. F.W. Taylor, The Principles of Scientific Management, op. cit., pp. 182-4, passim; F.W. Taylor, Testimony, op. cit., pp. 143-8, 151, 152. See also: Samuel Haber, Efficiency and Uplift, op. cit. p. 33; Horace B. Drury, Scientific Management: A History of Criticism, op. cit., pp. 190-193; Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., Vol. I., pp. 314-331, 406-408, Vol. II, pp. 403-416; and, finally, Robert Hoxie, Scientific Management and Labour, op. cit.

45. Reinhard Bendix, Work and Authority in Industry, (New York, 1956) p. 278. On this point see, as well: Samuel Haber, Efficiency and Uplift, op. cit., pp. 24-26; Horace Drury, Scientific Management: A History and Criticism, op. cit., p. 223; and Robert Hoxie, Scientific Management and Labour, op. cit., pp. 9, 10 and passim.

Even the wage rates assigned to individual jobs could be determined "scientifically" according to Taylor.⁴⁶ Ignoring the normative question of how much a worker ought to receive for his work, he argued that once management had learned how to make the proper measurements and calculations, it could determine the rate for each job in a manner which was wholly objective.⁴⁷ In a letter to Felix Frankfurter of the Harvard Law School, Taylor outlined why there would no longer be room for disputes between management and labour on these issues:

The tasks which a good man in a trade can perform and the wages he should receive for performing that task are matters which can be determined by expert investigations and should be so determined. They are not the subjects for collective bargaining any more than the determination of the hour at which the sun rises.⁴⁸

46. F.W. Taylor, Testimony, op. cit., pp. 133, 134; F.W. Taylor, A Piece Rate System, op. cit., pp. 649-658; C. Bertrand Thompson, The Theory and Practice of Scientific Management, op. cit., pp. 139-156.

47. As we might expect, Taylor has been criticized for failing to recognize that value judgements cannot be resolved simply by pointing to the "facts" whatever they may be. The fact that a man can shovel a particular number of scoops of gravel per hour does not tell us how much he should be paid or even whether it is desirable for him to work at such a pace. As one of Taylor's contemporaries rightly noted:

"(W)hen it comes to a decision as to the number of hours in the working day, the day rate and the percentage of bonus, it is misleading to apply the term 'scientific'. The length of the working day should be fixed with a view to enabling the employee to get the most satisfaction out of life as well as the greatest possible work out of his limbs."

Horace B. Drury, Scientific Management: A History and Criticism, op. cit. p. 204; See also: Robert Hoxie, Scientific Management and Labour, op. cit., pp. 39-61; and more recently, J.E.T. Eldridge, Sociology and Industrial Life, op. cit., pp. 51-53; Harry Braverman, Labour and Monopoly Capital, op. cit., p. 97.

48. F.W. Taylor, Letter to Felix Frankfurter, 1914, as cited by Frank Copley, Frederick W. Taylor; Father of Scientific Management, op. cit., Vol. II, p. 420. From Taylor onward, time and motion study engineers have taken their work seriously, believing that the human variables associated with production could be brought under "scientific" measurement and control. As Daniel Bell points out in the passage that follows, such dedication might profitably be replaced with the recognition that a single-minded commitment to any task can verge on the absurd:

"Perhaps the ultimate tool in rationalization is the mathematical formula to determine the fine shadings of skill between jobs recently worked out by the Aluminium Corporation of America in order to set wage differentials scientifically. The programme, which covered 86,000 jobs, took three and a half years to complete, at a cost of \$500,000. The final equation, three pages long, juggles fifty-nine separate variables; it took thirty-five hours of Univac (computer) time, at a cost of \$10,000 to compute. As Alcoa said diffidently, the formula is simply a 'mathematical tool for resolving day to day wage problems rationally and without dispute'". Daniel Bell, Work and Its Discontents, op. cit., p. 13.

What this meant, of course, was that the normal trade union functions of regulating the terms and conditions of employment had no place in a scientifically run enterprise. As one of Taylor's followers, C. Bertrand Thompson, succinctly puts it: "You do not bargain about or vote on scientific facts."⁴⁹ Of course, the practical effect of Taylor's argument was to rule out any attempt by workers to have a say in determining their pace of work or wage rates. And, the fact that the 'experts' who established the 'scientific' rates were employed by management ensured that their impartial decisions would not harm the interests of owners.⁵⁰

With regard to the other objectives of trade unions such as shorter hours and higher wages, Taylor felt that these were laudable goals. However, they could be attained under scientific management, and without the interference of trade unions.⁵¹ Similarly, he rejected the argument that trade unions were necessary to prevent abuses of management power. Taylor refused to concede that managers who followed his principles could misuse their power. If workers had legitimate grievances, he argued, they could voice them to their supervisors. These grievances would then be resolved on the basis of the impartial enquiries of management. That managers could be fair in deciding such matters was something he simply took for granted.⁵² On all these questions, Taylor asserted that he would

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49. C. Bertrand Thompson, The Theory and Practice of Scientific Management, op. cit., p. 146.
50. Not surprisingly, Taylor's two major objections towards the trade unions of his day were that they encouraged systematic soldiering and that they promoted the view that there were fundamental conflicts of interests between labour and management. See: Robert Hoxie, Scientific Management and Labour, op. cit.
51. Taylor's followers, however, did attempt to reconcile scientific management with the existence of trade unions. By the early 1920's labour's initial hostility to scientific management had greatly diminished, while scientific managers had accepted the right of trade unions to bargain over the terms and conditions of employment. This reconciliation was brought about largely through necessity as each party came to realize that the elimination of the other was unlikely. On this question see: Mike Davis, "The Stop-Watch and the Wooden Shoe", op. cit., p. 73; Samuel Haber, Efficiency and Uplift, op. cit., and, Milton Nadworny, Scientific Management and the Unions (Cambridge, Mass., 1955).
52. F.W. Taylor, Testimony, op. cit., pp. 143-8, 151, 152.

deal no differently with unions than with individual workers, thus denying the principle of collective bargaining.

Because Taylor couched his techniques in the language of science, he was able to claim that the overt exercise of management power in obtaining the compliance of workers was justified on the grounds of scientific necessity. He argued that management was not exercising power at all: rather, it was merely implementing policies which were scientifically determined. Yet the implications of his attitude towards trade unionism were the same as those associated with the reorganization of work. The ability of the worker to control his labour, in this case by collective means, was undermined. Taylor's opposition to trade unions reflected his belief that management should have complete control of the shop floor and, consequently, that all impediments to such control ought to be removed. As Reinhard Bendix notes, it was not accidental that scientific management was frequently accompanied by a concerted effort to break trade unions.

The open shop campaign went hand in hand with the rise of the scientific management movement. In their attack upon trade unions, American employers came to make their own absolute authority within the plant so central a tenet that the compliance of the worker became ideologically a far more important value than his independence and initiative.⁵³

VII

Considering that scientific management made such inroads on the autonomy of workers, the question of why workers would accept this new system logically arises. Taylor's answer was that it would generate such

53. Reinhard Bendix, Work and Authority in Industry, op. cit., p. 274. also: Lorin Baritz, The Servants of Power, op. cit., pp. 12, 97, 98.

an increase in productivity that the loss of control over work would seem relatively unimportant. Far from engendering conflict, Taylor argued, scientific management would foster harmony.⁵⁴

The great revolution that takes place in the mental attitude of the two parties under scientific management is that both sides take their eyes off the division of the surplus as the all important matter, and together turn their attention towards increasing the size of the surplus until this surplus becomes so large that it is unnecessary to quarrel over how it shall be divided. They come to see that when they stop pulling against one another, and instead both turn and push shoulder to shoulder in the same direction, the size of the surplus created by their joint efforts is truly astounding. They both realize that when they substitute friendly co-operation and mutual helpfulness for antagonism and strife they are together able to make this surplus so enormously greater than it was in the past that there is ample room for a large increase in wages and an equally great increase in profits for the manufacturer.⁵⁵

What Taylor was demanding of workers, then, was to exchange control over their labour for an increase in wages. He asked them to submit to a much closer and more exacting kind of supervision at work. And, in return, he offered them compensation in the form of a higher standard of

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54. Taylor's belief that harmony between employers and their employees would be fostered by the introduction of his methods of work organization has been seen by Alan Fox as indicative of an attempt by Taylor to win the consent of workers to the aims of their employers by offering the prospect of greatly increased economic benefits. There is some truth in this assumption but, as we have argued earlier, Taylor's approach was primarily designed to eliminate the need for a high level of employee commitment. Although he stressed the usefulness of wage incentives, his main concern was how to extend managerial control by reorganizing production rather than how to hoodwink employees into believing that there was an underlying harmony between owners and workers. See: Alan Fox, Man Mismanagement (London, 1974) pp. 62-66.
55. F.W. Taylor, Testimony, *op. cit.*, pp. 133, 134. As we noted earlier, however, the division of this surplus was to be determined on the basis of providing the minimum increase in wages which would elicit the maximum increase in the efforts of workers. The fallacy in Taylor's argument, outlined above, is clearly demonstrated in R.H. Tawney's The Acquisitive Society, (London, 1921) pp. 41, 42.

living.⁵⁶ The fairness of this exchange seemed beyond dispute to Taylor, for he believed that the most important thing that workers wanted from their jobs was the pay envelope. Adhering to a narrowly economic view of needs and aspirations of working people, he interpreted objections to his system as indicative of the inability of his critics to comprehend that, once implemented, his system would foster a "mental revolution" among workers and managers.

Yet if Taylor believed that his system would establish industrial harmony in the long run, he had no hesitation in using coercion during the transitional period:

It is only through enforced standardization of methods, enforced adoption of the best implements and working conditions, and enforced co-operation that this faster work can be assured, And the duty of enforcing the adoption of standards and of enforcing this co-operation rests with the management alone. The management must supply continually one or more teachers to show each new man the new and simpler motions, and the slower men must be constantly watched and helped until they have risen to their proper speed. All of those who, after proper teaching, either will not or cannot work in accordance with the new methods and at the higher speed must be discharged by the management. (his emphasis)⁵⁷

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56. Such practices are not uncommon in more recent management strategies either. For example, the Fawley Productivity agreements consisted, in part, of a deal between unions and management which facilitated the reorganization of work in order to eliminate restrictive practices. Management was given a freer hand in organizing production and in return the unions received a substantial pay increase. The wage agreement gave workers earnings which were substantially higher than before, even though the customary overtime was abolished. See: Alan Flanders, The Fawley Productivity Agreements (London, 1964). Similarly, in the United States, as Harry Braverman notes, trade unions accepted higher wages in compensation for the destruction of traditional craft skills in industries such as coal-mining. See Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 147-151.
57. F.W. Taylor, The Principles of Scientific Management, op. cit., p. 83. Similar statements are scattered throughout his writings. See for example: Letter to Robert Linderman, President of the Bethlehem Steel Company, Jan. 19, 1898, as cited by Frank Copley, in Frederick W. Taylor: Father of Scientific Management, op.cit., Vol. II, p. 12. See also: p. 17 of the same volume; and, his description of his practices as a foreman at the Midvale Steel Works cited earlier.

VIII

Regardless of Taylor's scientific pretensions, the issue of control lies at the heart of scientific management. It is for this reason that Taylor has had such a profound effect on contemporary management practice. For his system presented a rational and coherent strategy for overcoming worker opposition to management objectives. It opened up a whole new realm of techniques for suppressing challenges to the legitimacy of managerial power. And it gave rise to the hope among managers that they could reduce the discretion of workers to the point where the legitimacy of management power and management objectives would become largely irrelevant. Reliance on the honesty and goodwill of workers would be replaced by detailed regulation of all aspects of their behaviour. Workers would truly become "hands"; instruments controlled by the will of managers. In this way the conflict between their needs and aspirations and the demands of owners would be resolved in the latter's favour.

Thus we see that Taylorism was not a neutral "scientific" attempt to rationalize production methods as is commonly assumed. Rather, it was designed specifically to further the ends of employers. As Harry Braverman rightly notes:

Scientific management, so called, is an attempt to apply the methods of science to the increasingly complex problems of the control of labour in rapidly growing capitalist enterprises. It lacks the characteristics of a true science because its assumptions reflect nothing more than the outlook of the capitalist with regard to the conditions of production. It starts, despite occasional protests to the contrary, not from the human point of view, but from the capitalist point of view, from the point of view of the management of a refractory work force in a setting of antagonistic social relations. It does not attempt to discover and confront the cause of this condition, but accepts it as an inexorable given, a 'natural' condition. It investigates not

labour in general, but the adaptation of labour to the needs of capital. It enters the workplace not as the representative of science, but as the representative of management masquerading in the trappings of science.⁵⁸

Scientific management reorganized production not according to the impersonal demands of technology, size or organizational needs, but rather according to the specific requirements of owners. Taylor and his fellow engineers saw themselves as agents of property whose task was to apply their knowledge of engineering science for the benefit of employers. The resistance of workers to management's attempts to treat them simply as instruments of production was seen as an obstacle to be overcome by devising more effective techniques of control, rather than an indication that it might be wrong to treat people as objects.

Indeed, Taylor expressed few moral reservations about the impact of scientific management on those subjected to it. His contempt for ordinary workers, his acceptance of exclusive right of owners to manage, and his obsessional commitment to production, led him to minimize the adverse effects of curtailing the worker's autonomy. He had a peculiar inability to understand that work could also be an avenue for self-expression and self-development. He could not see that the satisfactions arising from exercising a skill or performing a socially useful job could be as important as the pay packet. Nor could he understand that self-determination at the workplace was more vital to the workers' self respect and dignity than any incentive bonus management offered in return for his subordination. That men desired to be treated as men and not 'hands' was an idea which was largely foreign to his way of thinking.

Instead, Taylor believed that workers ought to adopt a purely instrumental attitude towards their work - and indeed towards themselves - while on the job. Like other instruments of production they should allow

58. Harry Braverman, Labour and Monopoly Capital, op. cit., p. 86.

themselves to be used in whatever manner management saw fit. They were to renounce their aspirations for industrial self-determination or even the control of their own jobs. So long as their employer paid a fair price for their labour and did not abuse it, it was to be of no concern of theirs how he made use of it.

Although scientific management involved treating people as means rather than ends, Taylor saw nothing wrong with such an approach. He had little respect for the opinions of workers who disagreed with his views on how their labour ought to be used, and even less for trade unionists who questioned the right of employers to destroy craft skills in the interests of extending their control over the shop floor. Nor did he accept that people with different values and goals had the right to reject his system. As we noted, his response to those who did object was simply to use force, believing that once they had worked under his new system, they would see the light. Harmony would be established not by co-operation between equals but rather by the complete subordination of one side of industry to the will of the other. In short, individuals would be moulded to conform with the demands of industry as established by employers.

IX

The impact of Taylorism on contemporary management practice has been profound. Scientific management is still the basis of the organization of production in modern industry.⁵⁹ Of course, new techniques such as job evaluation have been devised to supplement Taylor's time and motion study. And new technical innovations such as computers have been utilized

59. On this question see the excellent discussions by Harry Braverman in Labour and Monopoly Capital, op. cit., Ch. 4, and Lorin Baritz, The Servants of Power, op. cit., p. 31, and passim.

to provide management with more precise methods of monitoring the behaviour of workers. Yet the principles articulated by Taylor almost a century ago are still operative today. The organization of work is the prerogative of management. The planning of production is separated from its execution on the shop floor, just as Taylor argued it should be. Jobs are laid out to minimize labour costs and maximize management's ability to regulate the behaviour of its employees. But most importantly, his view that management ought to have complete control of production has been fully accepted by subsequent management theorists.

This is not to suggest that management thinkers have not been active in other areas. As we shall see in the following chapters, the adjustment of the worker to the jobs created for him by scientific managers has been of vital concern. However, subsequent theorists have not challenged Taylor's approach to the organization of work: rather, they have attempted to fill in the psychological and social gaps in his theory. Where he concentrated on extending managerial control over production itself, these theorists have focused attention on the problem of manipulating the worker's attitudes and values so that he would accept his circumscribed role within the factory. Claims by proponents of human relations and job enrichment that their theories replace scientific management must be viewed with scepticism. For these approaches to management are primarily concerned with controlling the responses of the worker to a work process which has already been created by the engineers. They are involved with what Daniel Bell appropriately calls "human engineering" and not the organization of production itself. In this latter area, Taylorism remains supreme.

CHAPTER III

HUMAN RELATIONS : SOCIAL CONTROL THROUGH NORMATIVE

INTEGRATION

I

Like scientific management, the human relations approach was based upon the desire to extend management control over the workforce. It arose both as a response to specific management problems and as a method of supplementing the techniques developed by Taylor. Influenced by the growth of social science - particularly psychology and sociology - during the interwar years, it reflected a shift in management's orientation from the design of the tasks workers performed to the attitudes and values of the workers themselves. Yet while the human relations theorists frequently condemned earlier management techniques, they did not discard them. Rather they built upon the foundations already laid. Taylorism gave management the tools to redesign the jobs of workers in order to maximize control; human relations provided a strategy for extending that control to their attitudes and values as well.

This is not the conventional view of human relations. Indeed, the movement is widely seen as an approach to management which attempts to humanize industry by taking into account the needs of workers as well as the requirements of efficient production. Taylor's mechanistic attitude towards the organization of work is contrasted with the human relations view that the worker is a person and must be treated accordingly. It is asserted that human relations encouraged management to recognize that men were not merely rational economic beings and that industry was not simply a collection of atomistic individuals united only in the pursuit of financial gain. Rather, men were social beings who looked for fellowship and social

recognition at the workplace. And, industrial organizations were complex social systems which provided opportunities for the satisfaction of the social as well as economic needs of their members. In short, human relations constituted a progressive step in the evolution of more humane industrial organizations.

This view is false. The human relations approach did not arise as a response to the adverse impact of Taylorism on the lives of workers. Rather, it was developed in response to management problems such as output restriction, absenteeism, labour turnover and the threat of trade unionism. There is nothing in the writings of the leading proponents of this school which suggests that they were opposed to the minute division of labour, the use of time and motion studies and other techniques associated with scientific management. Their view of the worker was similar to Taylor's; a means to achieve management objectives. Their opposition to Taylorism was based not upon the belief that scientific management was morally objectionable but rather that it did not work. Or, more accurately, that it did not work as effectively as it might because it ignored certain key factors which influenced the productive behaviour of workers.

If the purpose of human relations was to extend management control, its strategy embodied a marked shift from that of Taylor. To control the worker, it was necessary to understand him. This was the central idea underlying the human relations approach. It suggested that the key to regulating the productive behaviour of workers lay in knowing the psychological and social factors influencing this behaviour. It gave rise to a strategy which underlined the need for management to embark upon research which would provide a more sophisticated and, therefore, more effective method of counteracting the adverse effects of hostile worker attitudes on output. To this end, the research methods of social science

were enlisted by management. Insofar as academic research could provide useful insights into the sources of worker motivation, it was welcomed. Not, we might add, universally, or with an equal degree of enthusiasm among all managers, but gradually and, according to Lorin Baritz, only where managers were convinced it would "pay". Nevertheless, the adage that "knowledge gives power" was one which struck a sympathetic chord among those employers who believed that there were still major problems to be overcome in managing the labour force and who were willing, or forced, to admit that their techniques were inadequate.

The shift in emphasis from the design of the jobs workers performed to the workers themselves was the result of a process of speculation and experimentation over a period of two decades. The history of the development of human relations is enlightening because it illustrates how recognition of the impact of the attitudes and values of workers on the output gave rise to strategies designed to control such attitudes and values.

II

During the years immediately following the First World War, as the principles of scientific management were adopted by an increasing number of American businessmen, doubts began to arise about its effectiveness. Ironically, its very success was partly responsible for the growing recognition of its limitations, for the harmony predicted by Taylor was not forthcoming. Trade unions, for example, had grown considerably before and during the First World War. It was thought by some managers that scientific management had provoked this growth. And, while the influence of unions declined during the 1920s, they were still seen as a major threat.¹

1. Lorin Baritz, The Servants of Power, op. cit., p. 11.

Problems of a different character also added to management's difficulties. Prosperity brought with it higher rates of absenteeism, labour turnover and a general reduction of the dependence of workers on any single employer. Of course, these problems were not entirely new. But with the technical side of production more firmly under management's control, such problems now appeared relatively more important.²

The war had stimulated the growth of psychology as a tool for placing recruits. To avoid spending valuable resources training soldiers to perform jobs for which they were unsuited, aptitude and intelligence tests had been developed to screen out unsuitable recruits.³ After the war, business men began to use similar tests for the selection and placement of their own personnel.⁴ These practices were, in one sense, only an extension of Taylor's belief that management ought to find the 'right man for the right job'. Yet, they constituted a break from scientific management in that they involved a more sophisticated way of measuring the aptitudes and character traits of workers.

These early attempts to apply psychology to industry had major shortcomings which soon became apparent, however. For the ability to perform a job quickly and efficiently provided no guarantee that the worker would be motivated to do so.⁵ Moreover, many of the early industrial psychologists made unrealistic claims about the benefits of testing.⁶ The failure of testing to provide a panacea for management's labour

2. Ibid., p. 11. and passim.

3. Reinhard Bendix, Work and Authority in Industry, (New York, 1956) p. 291.

4. Ibid., p. 291.

5. Ibid., pp. 291, 292; Lorin Baritz, The Servants of Power, op. cit., pp. 66-69.

6. Lorin Baritz, The Servants of Power, op. cit., pp. 69-71.

problems rapidly led to disillusionment among managers and a notable decline in the number of firms using the techniques by the mid 1920s.⁷ However, the tests did contribute to future developments by stimulating interest in how worker motivation influenced output.

The desire to learn more about the worker as a factor in production also gave rise to an interest in industrial physiology during this period. One common theory was that the accumulation of impurities in the blood during long periods of work caused fatigue and thus reduced worker efficiency. Improper diet, inadequate rest and similar factors were also seen as potential sources of low productivity.⁸ Interest in physiology led to numerous experiments to assess the effects of different factors in reducing or enhancing the worker efficiency. Although such enquiries proved of marginal value in uncovering the major impediments to higher output, they established the practice of experimenting within the factory itself.

As the decade advanced, the limitations of a purely physiological approach became increasingly apparent. Yet some of the experimenters had unwittingly promoted improvements which, although not directly attributable to physiological causes, were still of great interest to management. In one of his early experiments, Elton Mayo had increased output and decreased labour turnover from 250 per cent to 5 per cent simply by introducing rest pauses.

The rest periods had been initiated by the president of a spinning mill against the protests of his supervisory staff who felt that the time "wasted" would not be compensated for by the increased productivity resulting from the rest periods. Yet over a four month period Mayo was

7. Ibid., pp. 71, 72; Georges Friedmann, Industrial Society (Glencoe, 1955) Ch. II.

8. Elton Mayo, The Human Problems of an Industrial Civilization (New York, 1933) pp. 23-27.

able to increase production from its previous maximum of 70 per cent to a new high of 82 per cent. However, lower level supervisors remained hostile to Mayo's innovations and when a rush order was received, the rest periods were abolished. Production fell to 70 per cent. At the request of the supervisors, a scheme whereby workers would 'earn' their rest pauses was established. Production did not improve. However, when the pauses were re-introduced on the original basis, production rose to 77 per cent. And, when the workers were allowed to choose when they would take their rest pauses it shot up to 86 per cent. Moreover, absenteeism and employee morale were greatly improved.⁹

Mayo felt that the increase in output was not primarily a result of the reduction of fatigue associated with the rest periods. For if this had been the case, the 'earned' periods would have produced the same improvements as the unearned ones. More complex factors appeared to be at work. At one point in the experiment, Mayo had noticed a marked 'improvement' in worker attitudes. This suggested that the morale of workers might have as much effect on output as physical fatigue.¹⁰

Independently of Mayo, in 1924, The National Research Council of the National Academy of Sciences and the Western Electric Company, a manufacturing subsidiary of the giant American Telephone and Telegraph Company, began a series of experiments to assess the "relation of quality

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9. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 25-27, 34-37; Elton Mayo, The Social Problems of an Industrial Civilization, op. cit., pp. 59-67. See also: J.A.C. Brown, The Social Psychology of Industry, op. cit., pp. 74-76. This pattern of collaboration with top management was characteristic of Mayo and the other Hawthorne researchers. Not only did the researchers hold a pro-management bias: they identified only with top management. Much of their advice, as we shall see, was addressed to the problems confronted by senior executives about how to ensure that lower level managers and foremen carried out company policy properly.
 10. Elton Mayo, The Social Problems of an Industrial Civilization, op. cit., pp. 62-67.

and quantity of illumination to efficiency in industry."¹¹ For two and a half years they studied the effects of changes in lighting on the productivity of a group of telephone assemblers. The assumptions underlying the initial stages of the research were not far removed from those of Taylor. It was thought that worker output was influenced directly by factors such as temperature, lighting, humidity and noise. The task of management was to discover the precise effects of these factors and adjust them in such a way as to maximize production. Although there was a rudimentary attempt at understanding the psychology of workers, the basis of the theory was still mechanistic. By pulling the various levers controlling lighting, heating and so forth, management could regulate the behaviour of workers in a predictable way.¹²

In the first experiment, the output of three groups of workers was measured under normal conditions. Then the level of illumination was increased in stages and changes in output were recorded. The results did not confirm the original hypothesis: no direct relationship between the intensity of illumination and the level of output was observed.¹³ However, in two of the departments an increase in output had occurred. The researchers concluded that their experiment had failed because there had been inadequate control of external variables.¹⁴ They decided to attempt a second, more rigorous experiment. This time two groups of

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11. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, (New York, 1964) (orig. pub. 1939) p. 14. This is the "standard" account of the Hawthorne research and the following discussion of the experiments is drawn from it. Both Elton Mayo and T.N. Whitehead wrote accounts of the research as well. Their descriptions of the experiments have been used to supplement the information given by Roethlisberger and Dickson.
 12. Ibid., pp. 15, 16. See also: David Jenkins, Job Power, op. cit., p. 33; J.A.C. Brown, The Social Psychology of Industry, op. cit., pp. 69, 70.
 13. Ibid., p. 15.
 14. Ibid., p. 15.

workers within a single department were selected. One was used as a control while the other was subjected to increases in illumination. To their surprise, output increased in both groups.¹⁵ Under the belief that they had again introduced unintended changes in the test rooms - changes which had led to the control group's increase in output - the experimenters set up a third study to clarify matters. Instead of increasing illumination, however, they decreased it. To their surprise, output remained constant. Even when the lighting was reduced to the intensity of a moonlight night, workers kept production at the original level.¹⁶

Although these findings discredited the rather simplistic hypothesis underlying the three illumination experiments, they acted as a spur to further research, because the reason for the paradoxical behaviour of the workers remained obscure.¹⁷ Moreover, the researchers felt that they had learned a great deal about how to conduct this type of study and were anxious to make use of their newly acquired knowledge. And, not unimportantly, the Western Electric Company was willing to finance further research.

They decided to begin an experiment to assess the significance of physical fatigue as a factor limiting output.¹⁸ Although the experiment was planned to last only for a short period of time, it continued for five years and became a land-mark in social science research. For the Relay Assembly Test Room was the first of five major projects which comprised the Hawthorne study. And this study provided the empirical

15. Ibid., p. 16.

16. Ibid., pp. 16-18. See also: Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 55, 56.

17. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 18, 19.

18. Ibid., p. 19.

basis for the development of the Human Relations School.

Needless to say, the founders of the human relations approach did not foresee the eventual direction of their research. Rather they stumbled from one experimental failure to another in their quest to find out precisely what factors influenced employee motivation. Yet each unsuccessful experiment gave rise to new hypotheses and further research. By the end of the study, the Western Electric Company, its principal sponsor, had spent over one million dollars, while Harvard University, M.I.T. and the National Research Council had also made substantial contributions of staff and resources.¹⁹ As a result, the Hawthorne study grew into the largest and, arguably, the most influential piece of social science research ever undertaken and, ultimately, its impact on management theory came to rival that of scientific management.

III

The experiments were conducted at the Hawthorne works of the Western Electric Company. Located in a predominantly immigrant, working class area in the West side of Chicago, the works employed 29,000 workers at the beginning of the experiment in 1927.²⁰ The factory produced telephone equipment for A.T. and T., the owners of Western Electric. The management followed a paternalistic approach to industrial relations and prided itself on Hawthorne's extensive system of employee benefits. These included a hospital, a subsidized canteen, sickness benefits, a workmen's compensation fund and a pension scheme.²¹

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19. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. x-xii, 3. See also: Lorin Baritz, The Servants of Power, op.cit., p. 77.
20. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 6. Roethlisberger was a member of the staff of Harvard University, while Dickson was a manager at Hawthorne.
21. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit. p. 6; T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 32, 33.

The workers were not unionized and subsequent research has shown²² that the company was engaged in suppressing union activities. The fact that Hawthorne was not organized is of more than passing interest, for it gave the researchers a free hand to alter the work situation of the employees under study. Management's unilateral right to introduce changes in the jobs of its employees was taken for granted throughout the study.

The first experiment involved studying the behaviour of six women who assembled telephone relays. This job was selected because it was typical of repetitive work prevalent in industry, and because production could be measured accurately. At the beginning of the experiment the output of the women was recorded at their regular place of work.²³ Then they were moved to a special test room which had been set up to isolate the experiment from the influence of external variables. No other changes were introduced, but their output and conversations were carefully recorded. Next, the piece rate was changed so that the operators were paid according to the output of the test room rather than their former departments. No change in output occurred.²⁴

In the next three stages of the Relay Assembly Test Room Experiment, various rest pauses were introduced and increases in output were noted. In phase seven a free lunch was added. Output rose.²⁵ In period eight,

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22. Lorin Baritz, The Servants of Power, op. cit., p. 106. Baritz's information is drawn from a 1955 Senate Inquiry into A.T. and T's industrial relations policies during this period. See: Mary B. Gilson, "Review of Management and the Worker" in The American Journal of Sociology (July, 1940). Gilson notes that the Western Electric Company spent more than twenty-five thousand dollars between 1933 and 1936 on industrial spying. Reference to this evidence are also to be found in Henry Landsberger, Hawthorne Revisited (Ithaca, N.Y., 1958).
23. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit. p. 31.
24. Ibid., pp. 33-36.
25. Ibid., pp. 46-53. However, Roethlisberger and Dickson also note that two of the girls were replaced at phase seven of the experiment because they talked too much and were generally "unco-operative", Ibid., p. 53.

the day was shortened by half an hour. Output rose again. In period nine, an entire hour was taken off the working day.²⁶ Total output declined, but only slightly. Phase ten entailed a reversion to the conditions of period seven. Again, output rose.²⁷ In period eleven the conditions of period ten were retained but with Saturday mornings off. Output declined, but still remained above that achieved in all but three of the previous phases. In period twelve, the experiment reverted to the conditions of period three. This meant that the rest periods, lunches and shorter hours were abolished. To the surprise of the researchers, output reached its highest level. In period thirteen, the final phase of the experiment, the conditions of period seven were restored. Output rose even higher.²⁸

The researchers posed five different hypotheses to explain their findings. First, the "material conditions and methods of work" had been improved in setting up the test room. This was thought to be unlikely,

26. Ibid., pp. 60-63. Ironically, Taylor himself had experimented with the shorter working day. He felt that much of the time spent during a 10 or 11 hour day was not used productively. Workers frequently took unauthorized rest periods and engaged in other activities which were not functional to maximizing output. If the working day was reduced to 8 or 9 hours, he believed that it would still be possible to obtain the same output, assuming that the "pores" - to borrow a term used by Marx - in the working day were filled. In 1897 he experimented with the shorter working day at the Simmonds Company, a manufacturer of steel ball bearings. He found that by reducing it from 10½ hours to 8½ hours he was able to increase output by one third. Taylor also experimented with rest pauses and obtained favourable results from this innovation as well. However, the human relations theorists were apparently unaware of his research, for they failed to discuss its relevance to their own experiments. See: Frank Copley, Frederick W. Taylor: Father of Scientific Management, op. cit., pp. 458-462.

27. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 64-70.

28. Ibid., pp. 69-74.

however, because the changes were not nearly as significant as had occurred in the illumination experiment. Second, "...the rest pauses and shorter working hours provided a relief from cumulative fatigue."²⁹ There was some evidence to support this hypothesis so the researchers made further studies. After a careful analysis of the output records at different times of the day and during different days of the week, it became clear that this hypothesis could not account for the rise in productivity.³⁰ The third explanation was that "...the introduction of rest pauses and shorter working hours had been effective not so much in reducing fatigue as in reducing the monotony of the work."³¹ Influenced by the work of two British researchers, Wyatt and Fraser, they thought that the repetitive nature of assembling relays led to boredom and this, in turn, to inefficiency.³² However, this hypothesis proved difficult to assess because monotony was a subjective state of mind rather than an objectively measurable factor such as output. Moreover, the experience of monotony depended on the personality of the worker as well as the task performed. Hence the explanation was set aside in the hope that one of the remaining two would provide a more satisfactory answer.³³

The fourth hypothesis was that the change in wage rates provided a new incentive to increase output.³⁴ There was substantial evidence to support this hypothesis because the group piece rate system introduced in the test room had made earnings more responsive to effort. Consequently, a second relay assembly experiment was set up to evaluate the wage incentive scheme. Its findings supported the hypothesis.³⁵ To provide further

29. Ibid., p. 87. See also: Henry A. Landsberger, Hawthorne Revisited, op. cit., pp. 11, 12; Lorin Baritz, The Servants of Power, op. cit., pp. 84, 85.

30. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 90-92, 116-117, 122-127.

31. Ibid., p. 83.

32. Ibid., Ch. V, esp. pp. 92, 93, 117, 118.

33. Ibid., p. 127.

34. Ibid., p. 87 and Ch. VI.

35. Ibid., pp. 134-138.

confirmation a third experiment was initiated. This time a group of mica splitters was selected. They were subjected to changes similar to those made in the first Relay Assembly Test Room Experiment with the exception that the piece rate system remained as it was in the larger factory. This time the results were inconclusive. It seemed that wage incentives might have been responsible for part of the rise in output, but, as the experiment proceeded, numerous other factors appeared to be involved as well. Although subsequent researchers, such as Argyle and Carey, have argued that there was ample evidence to support the view that the wage incentive scheme was responsible for the improvements in output, the Hawthorne researchers became convinced that the "other factors" were of greater significance.³⁶

The fifth hypothesis was that changes in supervision had led to a new pattern of social relationships in the test room. Under these changed circumstances, the morale of the workers improved and they became committed to making the experiment a success. Hence they focussed all their energies on the task of raising output.³⁷ It was this final hypothesis that gradually came to be accepted by the researchers as the most satisfactory explanation for the rise in output in the test room. The detailed records of conversations in the test room provided them with evidence that there had been a major improvement in morale. The policy of consulting workers about the changes to be introduced and allowing them to veto some suggestions had stimulated interest in their work. This, in turn, led to "improved"

36. Ibid., pp. 158, 159. See: Alex Carey, "The Hawthorne Studies: A Radical Criticism" American Sociological Review, 1967, pp. 403-416. See also an earlier paper by M. Argyle, "The Relay Assembly Test Room in Retrospect" Occupational Psychology, 27, 1953, pp. 98-103.

37. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 88.

attitudes towards it. In the words of Elton Mayo:

(T)here had been a remarkable change in the mental attitude of the group. This showed in their recurrent conferences with high executive authorities. At first shy and uneasy, silent and perhaps somewhat suspicious of the company's intentions, later their attitude is marked by confidence and candour. Their comments are listened to and discussed; sometimes their objections are allowed to negate a suggestion. The group unquestionably develops a sense of participation in the critical determinations (sic) and becomes something of a social unit.³⁸

The comments made by the workers in the Relay Assembly Test Room also focussed on the lack of customary supervision.³⁹ In setting up the test room, the experimenters had decided to take over the supervisory function. Because the experiment was to involve numerous changes in the work routine of the women, the researchers were anxious to secure their co-operation. It was thought that a hostile group of subjects might disrupt the progress of the experiment and invalidate the results.⁴⁰ Consequently, the normal supervisory practice of enforcing company rules and regulations was discarded.⁴¹

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38. Elton Mayo, The Human Relations of an Industrial Civilization, op. cit. p. 73. Although his name, more than any other, has become associated with the experiment, Mayo was not involved in setting it up. In fact, he was not brought in to the Hawthorne Study until phase ten of the Relay Assembly Test Room Experiment. See: Lorin Baritz, The Servants of Power, op. cit.
39. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 45.
40. Ibid., pp. 21, 181.
41. However, as several critics of the experiments have pointed out, the researchers did use their supervisory prerogatives to remove two operators from the test room because they engaged in "excessive talking". Their replacements were, apparently, more satisfactory. When the problem of talking arose again it was only necessary to warn them that "...if the practice continued, the experiment might be brought to an end." See: F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 53-55, 182.

(A)almost all the practices common to the shop were altered. The operators were advised of and consulted about changes to be made, and several plans suggested by the experimenters were not introduced because they met with the disapproval of the operators. The operators were questioned sympathetically about their reactions to the different conditions of work. Many of these discussions, in the beginning of the test, took place in the office of the superintendent. The girls were allowed to talk while at work. The "bogey" was eliminated. Their physical health and well being became matters of great concern, and their opinions, fears, qualms and anxieties were eagerly sought. The observer fostered a kind of relation with the operators that a busy supervisor in a regular department would scarcely have time or opportunity to develop.⁴²

These changes, according to Roethlisberger and Dickson, had led to a more relaxed, informal and friendly relationship between the women and their supervisors.⁴³ G.A. Pennock, a company executive who played a leading role in the research, noted that the women had "ceased to regard the man in charge as a boss."⁴⁴ Under these new conditions the women came to support the goals of the experiment and were anxious to see that the test room was continued. Their commitment to the experiment's success was reflected in the steadily rising output curve.⁴⁵

Ironically, in attempting to control external variables by setting up a special test room, the researchers had accidentally precipitated major changes in attitudes and social relationships. "(T)he investigators",

42. Ibid., p. 181.

43. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 78, 179-186.

44. G.A. Pennock, as cited by Georges Friedmann, Industrial Society, op. cit., p. 307. See also: Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 71-73.

45. Although the Hawthorne researchers felt that the change in supervisory practices and the formation of a sense of group commitment had led to the rise in output, Paul Blumberg has questioned this interpretation. The rise in output, he argues, can be better explained as a consequence of the increased participation of the workers in the decisions affecting their work. The experimenters in their desire to obtain the co-operation of the women, had unwittingly dispensed with most of the traditional supervisory controls. They had allowed the women to play a much greater role in organizing their work. And this, in turn, had led the women to make a collective commitment to maximize output as a way of showing that they could organize production more efficiently than management. See: Paul Blumberg, Industrial Democracy: The Sociology of Participation (London, 1968).

according to Roethlisberger and Dickson, "had not been studying an ordinary shop situation, but a socially contrived situation of their own making."⁴⁶ But what was undoubtedly of greater significance to the

46. Ibid., p. 183. An extensive critique of the methodology used in the Hawthorne experiments has been presented in a recent article by Alex Carey in the American Sociological Review. Carey argues that a combination of slipshod experimental design and unstated preconceptions about the effects of social interaction on output enabled the Harvard researchers to "cook" the results. He points out that in the initial stages of the Relay Assembly Test Room Experiment, the six operators used the more relaxed environment of the test room not to increase their rate of production, but to converse with one another. It was only after the two most talkative women were replaced that output began to rise significantly. Moreover one of the two new women was the sole financial support of her family and hence had a very strong motivation to maximize her earnings. This girl became the informal leader of the group and pressured the others to increase their output.

On the question of supervision, Carey notes that the relaxed atmosphere at the beginning of the Relay Assembly Test Room Experiment was gradually replaced by a more authoritarian approach when it became clear that only marginal improvements were taking place. This culminated in attempts to discipline the two most talkative girls and eventually in their dismissal. The two replacements were carefully selected to ensure that they would have a "co-operative" attitude towards the experiment. Once it became clear that the new operatives were strongly motivated to increase their level of output, discipline was again relaxed. Carey notes that: "After the arrival of the new girls and the associated increase in output, official supervision became friendly and relaxed once more. The investigators, however, produced no evidence that output increased because supervision became more friendly rather than vice versa. In any case, friendly supervision took a very tangible turn by paying the girls for time not worked. The piece rate was in effect increased." (p. 416)

After listing a number of potentially significant variables which were omitted by Mayo and only casually referred to by Roethlisberger, Dickson and Whitehead, Carey summarized his critique of the study in the following way:

"The results of these studies, far from supporting the various components of the "human relations approach", are surprisingly consistent with a rather old-world view about the value of monetary incentives, directive leadership and discipline. It is only by massive and relentless reinterpretation that the evidence is made to yield contrary conclusions. To make these points is not to claim that the Hawthorne studies can provide serious support for any such old world view. The limitations of the Hawthorne studies clearly render them incapable of yielding serious support for any sort of generalization whatsoever!" (p.416) Alex Carey, "The Hawthorne Studies: A Radical Criticism", op. cit., pp. 403-416.

Western Electric Company was the fact that in creating this "socially contrived situation" they had stumbled upon a new method for raising output:

What impressed management most, however, were the stores of latent energy and productive co-operation which clearly could be obtained from its working force under the right conditions. And, among the factors making these conditions, the attitudes of the employees stood out as being of predominant importance...⁴⁷

IV

If attitudes played such an important role in determining output, then it appeared fruitful to obtain more information about them. To this end, an interview programme was set up. Between 1928 and 1930, over 21,000 interviews were conducted. To the surprise of the researchers, the interviews revealed considerable discontent at Hawthorne. According to their own method of classification, of the 86,371 comments about the terms and conditions of employment, 41,892 were "unfavourable."⁴⁸

The findings also gave rise to what must be one of the greatest efforts of rationalization in the literature of social science. Convinced of the fairness of company policy, the researchers refused to accept that workers could have legitimate grounds for their numerous complaints. If the company was not at fault, they reasoned, the source of these complaints must lie with the workers themselves. They must be distorting the situation in the factory. Influenced by Freudian psychology, the researchers asserted that the complaints could not be accepted at face value. Instead, they were indicative of more deep seated psychological disorders. Thus it was necessary to "interpret" them in the light of the "morbid

47.Ibid., p. 185.

48.Ibid., Ch. IX, pp. 234, 235.

preoccupations" and "obsessive thinking" which seemed to afflict the workers at Hawthorne.⁴⁹

The plausibility of this argument derived, in part, from the fact that most grievances involved value judgements rather than empirically verifiable assertions. The researchers assumed that management decision-making was rational and value-free because it was based upon economic calculations. Within this narrow and somewhat peculiar view of rationality, worker criticisms were interpreted as subjective and biased.⁵⁰ Although this explanation glossed over a whole range of issues, it had the advantage of exonerating management. Consequently, during the early part of the experiment, it provided an explanation satisfactory to researchers and company executive alike.

Nevertheless, the existence of these hostile sentiments raised a number of questions for management. Why was it that workers distorted the situation in the factory? And, why did they blame management for their personal problems? At first the researchers looked for explanations based upon the psychological problems of workers. Elton Mayo culled the writings of Freud and Janet for clues to the reasons underlying their tendency to "distort" management behaviour. He came to believe that modern industrial societies encouraged "obsessional" and "compulsive neurotic" disorders. From Janet, he took the idea that people who feel inadequate in relationships tend to distort the behaviour of others. In so doing they are able to minimize their own feeling of inferiority. Thus workers who complained about bad supervisors were actually attempting to assuage their feelings of inadequacy.⁵¹

49. Ibid., pp. 292-335. See also: T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 59, 103-106; Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 96-98 and passim.

50. R.F. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 292-328.

51. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit. pp. 96, 98. See also: T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 103-106.

Roethlisberger and Dickson adopted a slightly different, if equally unconvincing explanation:

A certain class of statements in which there was a tendency towards exaggeration and distortion, and in which these responses seemed to be directed more towards persons than towards things, suggested to the interviewers the problems of the relations between complaints and personal equilibrium. Interviews have been presented in this chapter to illustrate the relation between the obsessive response and the factors in the workers' personal background. Personal situations in which there was a serious distortion of general attitude were frequently accompanied by a reduced capacity to work and an increase in morbid reflection.⁵²

Given that the researchers were anxious to demonstrate the irrational nature of worker criticisms of the company, the above interpretation seems less than persuasive. Perhaps because they sensed the weaknesses inherent in this approach, Mayo and Whitehead gradually revised their explanation for the widespread psychological "disorders" revealed in the interview programme. In particular, they sought to understand why the number of workers who showed signs of 'distorted' thinking was so great.

The problems of workers, they now decided, were largely the result of wider social developments. Rapid industrial change was breaking down the social bonds uniting the individual to his society. Traditional centres of social integration such as church, family and geographic community were no longer capable of providing a stable and supportive social environment. Industrial society was thus giving birth to a rootless population. Deprived of social support, growing numbers of individuals were suffering from what Durkheim had described as "anomie". This was reflected in feelings of "personal futility", "social discontent" and a general inability to cope with the demands of social situations such as in industry.⁵³

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52. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 325.
53. Elton Mayo, The Human Problems of an Industrial Society, op. cit., pp. 20-137; T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 231-240.

This new analysis reflected the influence of contemporary developments in sociology and social anthropology. The writings of Redcliffe-Brown, Malinowski and other members of the Chicago School were mentioned frequently by the researchers. W. Lloyd Warner had participated in the latter phases of the Hawthorne study and academics from Harvard University and M.I.T. had been encouraged to visit the factory. Under their influence, the frame of analysis had gradually shifted from the psychological difficulties of individuals to the social problems arising within an industrial society.⁵⁴

Nevertheless, dissatisfaction with this societal approach also developed, primarily because it offered no method of dealing with the specific problems faced by the Western Electric Company which was paying for the research. Knowledge that workers were suffering from problems generated by industrialization was of little value to managers confronted with the immediate question of how to get them to produce more.⁵⁵ Attention was thus shifted back to the factory.

After a re-examination of the interview material, the researchers found that some psychologically "maladjusted" workers were able to perform their jobs effectively while others were not. This indicated that the work situation could "...relieve or exaggerate the tendency towards distortion."⁵⁶ And it suggested that if management eliminated the sources of dissatisfaction in the factory, it could minimize the adverse effects on output of the psychological and social problems that workers

54. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 27, 142; Roethlisberger and Dickson, Management and the Worker, op. cit., p. 358; Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 154, 155, 179. See also: Lorin Baritz, The Servants of Power, op. cit., pp. 91, 92 and passim.

55. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 373, 374.

56. Ibid., pp. 325-328 and passim. See also: Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 115, 116.

brought with them to their jobs. However, the researchers did not drop their sociological frame of reference. Rather, they shifted it from the larger society to the factory itself. Social relationships within the plant now became the focus of their attention.

Anxious to learn more about the sources of dissatisfaction arising from relationships between supervisors and workers, the researchers extended the interview programme to lower level supervisor personnel. It was hoped that the problems and weaknesses of supervisors would be uncovered and this information used as the basis for changes in the company's supervisory policies. Again a good deal of dissatisfaction was uncovered. Many supervisors were unhappy with the way the company treated them. The quality of social relationships with those above and below them in the company hierarchy appeared to be of particular significance in this regard.⁵⁷

Out of this research on the attitudes of workers and supervisors emerged one of the central conclusions of the Hawthorne study: the development of negative attitudes towards work was largely a consequence of the inability of workers and supervisors to develop satisfying social relationships on the job. The Western Electric Company "...is not merely an organization for the manufacture of telephones in the most efficient manner", Roethlisberger and Dickson now concluded, "it is also a human organization in which the needs, hopes and desires of human beings are trying to find expression."⁵⁸

57. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 363. This approach reflected the tendency of the researchers to identify with the position of top management. It was assumed that lower level supervisors lacked the skills and insight of their superiors. Yet it was through these lower-level supervisors that the policies of top management were implemented. Thus it was necessary to find out exactly what supervisors were thinking and doing in order to be able to develop a programme to improve their performance.

58. Ibid., p. 363.

V

The next stage of the Hawthorne experiment was established to study this "human organization" within the formal structure of the company. The experimenters decided, once again, to study a small group, this time using an explicitly sociological approach.⁵⁹ Detailed observations were to be made of conversations and social interaction. One aspect of group behaviour was of particular interest to the researchers: output restriction. The interviews had revealed what Taylor could have told them half a century earlier: that workers limited production to what they saw as 'a fair day's work.' As Roethlisberger and Dickson noted:

Some of the evidence obtained suggested that the wage incentive systems under which some of the groups worked had been rendered ineffectual by group pressure for controlled output. Informal practices by means of which certain operators were placed under pressure and kept in line were brought to light. There was evidence of informal leadership on the part of certain persons who took upon themselves the responsibility of seeing that the members of a group clung together and protected themselves from representatives of other groups within the⁶⁰ company who could interfere with their affairs.

Not surprisingly, the managers of Hawthorne were greatly interested in this aspect of group behaviour. They were concerned to know the reasons underlying such practices and how they were enforced by the group.

The experiment itself involved monitoring the activities of fourteen men engaged in assembling a piece of telephone equipment called a bank. The job consisted of wiring one hundred and two hundred sections of insulated wire to terminals at either end of the bank, soldering them in place and inspecting the finished product.⁶¹ The work was divided among

59. Ibid., p. 379.

60. Ibid., p. 380.

61. Ibid., p. 394; T.N. Whitehead, Leadership in a Free Society, op. cit. pp. 54-55.

nine wiremen, three soldermen and two inspectors. Each solderman worked with three wiremen, while the two inspectors divided the work of the three teams of bank builders between them.⁶² This interdependence of production was reflected in the system of remuneration which combined a group bonus with individual payments based upon the number of banks wired, soldered or inspected.

Originally, the researchers wanted to study workers at their regular place of work to avoid what is now referred to as the "Hawthorne Effect." They wanted to avoid creating a new experimental situation, for this would defeat the purpose of the experiment. However, this proved impossible, so a special observation room was set up.⁶³ Unlike the Relay Assembly Test Room, no additional changes were made other than stationing an observer in the room. It was made clear to the workers that the observer was not there in any supervisory capacity. Thus it was hoped that they would come to ignore his presence and return to their customary work practices. This hope was largely fulfilled.⁶⁴

The observer recorded an exceedingly complex pattern of social interaction among the workers in the bank wiring room. The group had evolved an elaborate set of norms and values which guided the conduct of its members. Although the workers were of the same labour classification, there was a clear hierarchy among them based upon the jobs they performed. The fourteen workers were divided into two informal cliques. Not all workers played a central role in these cliques: some appeared to be

62. F.J. Roetlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 394-396.

63. Ibid., pp. 385-391.

64. Ibid., pp. 384-403.

outsiders, while others assumed the role of leaders. These informal leaders were influential in establishing and maintaining the group's customs and in protecting it from management interference.⁶⁵

As we might expect, the connection between output restriction and group interaction was studied in great detail. The researchers found to their surprise that the output was not related to individual capabilities.⁶⁶ Thus workers who had demonstrated a high aptitude for their jobs on tests of manual dexterity often produced less than workers who scored poorly. This finding challenged one of the major assumptions of Taylor. For there seemed little point in finding the "right man for the right job" if output did not reflect ability. The test room showed that productivity was far more dependent upon the mutually agreed output norms than it was on individual factors.

But what was even more disturbing for management was the discovery that the group was consciously restricting output to a level considerably below the capabilities of its slowest members. Ignoring the official quota and management's carefully designed wage incentive scheme, workers produced only what they felt was a fair day's work. And to ensure that this objective was not exceeded by individual members, they used a variety of informal sanctions which proved more effective in controlling the behaviour of group members than the incentives and disciplinary measures

65. Ibid., pp. 495-501; 522, 523. See also: T.N. Whitehead, Leadership in a Free Society, op. cit., p. 55; F.J. Roethlisberger, Management and Morale, op. cit., pp. 22-26.

66. T.N. Whitehead, Leadership in a Free Society, op. cit., p. 67; F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 408-447.

used by the company.⁶⁷ From these observations, it became clear to the researchers that the productive behaviour of individual workers could not be understood without studying their social relationships. Output, they concluded, was primarily a social activity.⁶⁸ This finding not only revealed the weaknesses of Taylor's individualist approach: it demonstrated the continuing failure of management to control production on the shop floor.⁶⁹ Without control of work groups, the researchers decided, management could not make workers comply with its objectives.

Yet, unlike Taylor, who saw the rationality of soldiering, the researchers were still puzzled about why the work group restricted its output against what they saw as its rational self-interest. Evidence from conversations in the observation room and from subsequent interviews with workers revealed that workers were afraid that their rates would be cut if they produced more. This same suspicion of management led them to oppose other attempts by the company to make changes in their work routine.⁷⁰

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67. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., Ch. XVIII, esp. pp. 445-447. See also: Elton Mayo, L.J. Henderson and T.N. Whitehead, "The Effects of Social Environment" in Papers on the Science of Administration, ed. Luther Gylick and L. Urwick (New York, 1937) pp. 143-158. One implication of this finding which the researchers quickly noted was that if output reflected social attitudes rather than individual motivations, paying higher wages might well have no effect on performance. Conversely, it appeared that by manipulating the social attitudes of workers it might be possible to obtain greater output without paying a penny more. The appeal of such a line of reasoning to managers was self-evident.
68. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 496 and passim.
69. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 456-458. Lorin Baritz also points out that recognition of the role of informal social controls in influencing the behaviour of individual workers called into question attempts by industrial psychologists to match the personality, characteristics and aptitudes of individuals to the jobs they were to perform. See Lorin Baritz, The Servants of Power, op. cit., pp. 94, 95.
70. Ibid., p. 524. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 57-62, 104-107.

Although the bank wiring observation room was begun during a period when the effects of the great depression were becoming visible at Hawthorne, the researchers refused to accept the rationality of employee suspicions about the Western Electric Company. They failed to see that in a period of declining employment, output restriction was a rational strategy used by workers to preserve their jobs.⁷¹ Instead, they repeated the argument that worker opposition was based upon non-logical sentiments and misunderstanding about the purposes of management.⁷²

Yet by this time, the researchers had come to believe that the factors influencing the development of such sentiments were primarily social rather than psychological. Membership in work groups gave individuals an opportunity to satisfy their social needs at work. As a consequence, the pattern of relationships established within the group was of great importance to them. Any change in the work routine by management posed a threat to these relationships. Thus worker opposition to management was seen as an attempt to preserve the social life of the work group from

71. This fear was, unfortunately, proved correct: the experiment was terminated and the men were made redundant.

72. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, *op. cit.*, pp. 523-535. Why the researchers failed to understand the logic of restrictive practices from the worker's point of view is a question that will forever remain a mystery. Indeed, they noted numerous instances where management had dismissed or demoted workers because there was insufficient work. To cite only one example, Roethlisberger and Dickson casually mentioned that during the Bank Wiring Room Experiment one inspector was transferred and the group chief "...was demoted because of the general decline in business activity." *op. cit.*, p. 45. Moreover, the researchers had a peculiar inability to see that from the viewpoint of workers restrictive practices had a number of obvious benefits. Not only did they provide the opportunity to exercise control over their work; they also enabled workers to strike what they saw was the most satisfactory balance between effort and remuneration. For an excellent discussion of the value of restrictive practices to workers see: David Guest and Derek Patchett, Worker Participation: Individual Performance and Control, *op. cit.*, pp. 96-117, and, an earlier study by William Foote Whyte, Money and Motivation (New York, 1955), Part I.

unwanted interference.⁷³

Because management was unaware of the complex social systems evolved by work groups, Whitehead argued, it tended "...to rearrange the working conditions of employees with scant regard for the social routines and sentiments it was unwittingly breaking."⁷⁴ The response of workers to management's interference was to attempt to obstruct such changes. Repeated intrusions by management gave rise to group norms and values designed to frustrate management's aims.⁷⁵ Moreover the distance between top management and the shop floor made it difficult for senior executives to know what was happening "down below." Hence, out of ignorance - but not, of course, bad faith - they frequently made decisions which unwittingly threatened work groups.⁷⁶

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73. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 546, 547; T.N. Whitehead, Leadership in a Free Society, op. cit., p. 62. Landsberger defends Roethlisberger and Dickson from the charge that they failed to see that workers were being treated badly by the company. He notes their discussion of the problems of workers at Hawthorne and their attack on the poor supervision in the plant. Yet Landsberger does not explain why Roethlisberger and Dickson viewed such problems solely as the result of bad management practices rather than the conflict between the demands of shareholders and the needs of workers.
74. T.N. Whitehead, Leadership in a Free Society, op. cit., p. 57.
75. Ibid., pp. 65, 66. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 567, 568.
76. The responsibility of management to satisfy the social needs of workers did not, of course, extend to providing them with guarantees of continued employment. Although the management of the Hawthorne works was in the process of laying off thousands of workers as the depression deepened and although the Relay Assembly Test Room Experiment was terminated by such lay-offs, there is hardly any mention of the effects of this on workers at Hawthorne. Characteristically, when the problem of redundancy was raised by Roethlisberger and Dickson, it was to argue that the fear of unemployment was not a major factor influencing the behaviour of the men in the Bank Wiring Observation Room. Even the paternalism of the researchers was confined within the bounds of an exact calculation of the profits and losses involved. See: F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 531-542.

This explanation appealed to the researchers for a number of reasons. It avoided the question of whether employee opposition was based upon perceived conflicts of interest. It defined the problem of worker opposition in such a way that it appeared to be the result of management's previous lack of understanding about the social functions of work groups. And it pointed to a solution which was within management's grasp. If the opposition of work groups was based upon non-rational sentiments, it might be feasible to bring such sentiments into line with management objectives.

VI

As we have seen, Taylor was aware of the ability of work groups to restrict output. The "discovery" of systematic soldiering in the Bank Wiring Room would not have surprised him greatly, for he had practised the same type of output restriction in his apprenticeship as a machinist. Yet what was different about Hawthorne was the frame of reference used to analyze the behaviour of the wiremen. Taylor had assumed that the only purpose underlying the formation of work groups was to subvert management objectives. The human relations researchers rejected this view. Influenced by contemporary work in sociology and anthropology which underlined man's social characteristics, they came to believe that the existence of informal groups reflected the natural desire of workers to satisfy their social needs on the job. Their analysis of the social disruption caused by industrialism suggested that the development of strong ties of loyalty and friendship at work was perfectly normal and healthy, for it constituted an attempt to counteract the anomic tendencies of modern society. By forging new social bonds at the workplace, employees were attempting to create

a substitute for the role played formerly by church, family and local community. Thus the tendency for work groups to resist management-imposed change reflected an understandable desire to preserve the social life of the group from undue disruption, rather than a rational belief that there was a conflict of interest between the two parties.

If this explanation were correct, then there was no reason why workers could not develop equally satisfying relationships within a group oriented towards rather than against the pursuit of management objectives.⁷⁷ Moreover, if the energy and thought that was expended in frustrating management goals were channelled towards fulfilling them, the benefits to employers would be enormous, as the Relay Assembly Test Room had demonstrated.

Consequently, the researchers argued that management ought to strive to control work groups rather than suppress them, as Taylor had advised. Indeed, Taylor's approach was quite harmful. For the attempt to suppress work groups was likely to arouse their hostility. By controlling them, management would not merely neutralize their impact on production: it would be able to ensure that they made a positive contribution to their employer.⁷⁸

77. For an excellent summary of the human relations position on this issue, see: Alan Fox, Man: Mismanagement (London, 1974) pp. 68-74.

78. Roethlisberger and Dickson noted that the major difference between the informal organization of the Relay Assembly Test Room and the Bank Wiring Room was that the former was committed to management goals while the latter was not. From this analysis, they went on to argue that once management had found out how to establish group norms and values similar to those in the Relay Assembly Test Room, it would be able to unleash a great reservoir of unused productive potential. See: Management and the Worker, op. cit., pp. 558-563. On the point about controlling rather than suppressing work groups, see: C.W. Mills "The Contribution of Sociology to Studies in Industrial Relations" Proceedings of the First Annual Meeting, Industrial Research Association, Vol. I. 1948, pp. 199-222, as cited by: Henry Landsberger, Hawthorne Revisited, op. cit., pp. 40, 41. See also: J.A.C. Brown, The Social Psychology of Industry, op. cit., p. 82.

Mayo saw another value in informal work groups. Group membership created a bond between the individual and his work situation.⁷⁹ To the extent that the social needs of workers were satisfied within the factory, employees would be more likely to show up for work and remain with their company. Cohesive work groups were thus perceived as a solution to absenteeism and labour turnover. The anomie resulting from the breakdown of traditional centres of social integration was to be counteracted by building a community within the plant. In the process, employee dependence on the factory would increase and management would gain a new lever of control over them.

The establishment of better work group relationships was also seen as a method of reducing discontent. Whitehead claimed that an "enrichment of social living" would make monotonous tasks more bearable.⁸⁰ He argued that workers did not view work exclusively in terms of its economic benefits. They looked for intrinsic satisfactions on the job as well. Although the tasks employees performed were often too routine to provide much fulfilment, the human relationships associated with these tasks could compensate for this. Thus by encouraging the development of satisfying group relationships, management could minimize the discontent arising from repetitive work.⁸¹

Given that work groups arose from the natural sociability of men rather than any perceived conflict of interest between management and workers, and that their goals were primarily social rather than economic, the question that the Hawthorne researchers posed was how could management

79. This point is developed more fully in Georges Friedmann, Industrial Society, op. cit., pp. 317-330.

80. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 22, 23.

81. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 22, 23. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 573, 574.

control them? Amid the rapid, and often inconsistent, shifts in the experiments from the physiological to the psychological and social, two separate but compatible strategies emerged. The first, supervision, constituted an attempt to control group norms and values by transforming the role of foremen from disciplinarians to 'leaders'. The second, personnel counselling, was an attempt to siphon off discontent by persuading workers that their problems arose either from situations outside the factory or from their failure to "adjust" to the demands of industrial life. Both strategies were designed to bring the attitudes of workers and the norms of work groups into line with the objectives of employers.

VII

The central idea in the strategy of supervision was that of leadership. As we noted previously, the researchers had discovered that the informal leaders of work groups played a central role in creating and enforcing the group norms and practices which regulated the productive behaviour of group members. Consequently, they reasoned that if supervisors assumed the role of group leaders, they would be able to harmonize group norms and values with management objectives. Supervisors were to become the informal as well as formal leaders of the workers under their authority.⁸²

Senior management could do a number of things to ensure that its supervisors assumed such a position. The most important was to give them training in what Mayo referred to as "social skills." These skills were based upon an understanding of the social needs of employees. Supervisors must be taught how to avoid disrupting existing group relationships or threatening the integrity of work groups. They must be trained in the

82. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 101-120.

art of fostering group solidarity so that employees could satisfy their social needs on the job. This, in turn, called for a new non-directive approach to managing men. Rather than giving orders, foremen must consult with employees and persuade them that their interests were best served by pursuing management's objectives. It was no longer adequate for supervisors to obtain formal compliance: they must obtain the active commitment of workers to the goals of their enterprises.⁸³

Of course, this meant that the role of supervisors had to be redefined. They must now see their jobs in terms of manipulating attitudes as well as directing behaviour. "What is required", argued T.N. Whitehead, "is that the social sentiments and activities of groups be regarded not as hurdles to surmount, but as an integral part of the objective for which the organizer is working."⁸⁴ He went on to outline how supervisors could foster group cohesion and use it to further management's goals:

The manager has first and foremost to assist his groups in building up their integrity, or social ways, and so far as possible in guarding these from unnecessary shock. Insofar as he achieves this he will be included in some sense as a member of the group, and as its leader. In this way the group customs and sentiments will tend to become organized around the purposes of management rather than in opposition to them.⁸⁵

An important component of leadership was communication with subordinates. The researchers believed that conflicts between workers and management were frequently caused by misunderstandings. Thus if supervisors explained company policy in greater detail, they could assuage

83. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit. pp. 183-185; T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 108-116. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 580-589. See also: J.E.T. Eldridge, Sociology and Industrial Life, op. cit., p. 107.

84. T.N. Whitehead, Leadership in a Free Society, op. cit., p. 86.

85. Ibid., pp. 97, 98.

employee suspicions. At the same time, by discussing problems with employees, supervisors could find out what was disturbing them and take steps to rectify matters. Communication, of course, had another function. To the extent that employees confided in their supervisors, management would be able to learn what was happening on the shop floor. Sources of discontent could be recognized, analyzed and dealt with before they cost employers money. Similarly, union agitators and other malcontents could be identified and fired before they had time to disrupt company activities.⁸⁶

However, the Hawthorne researchers believed that not all problems could be solved by better communication, for employee suspicions of management were frequently of a non-rational nature. Consequently, more subtle techniques were required. In particular, supervisors must be taught how to convey feelings of sympathy and understanding in order to create an emotive bond between workers and their enterprise. Workers must come to feel that the company cares for them and that they can place their trust in management. By giving supervisors training in the sociology and psychology of work groups, it would be possible for them to learn how to foster normative integration among the employees under their control. And, once workers identified with the objectives of the company, management could put an end to soldiering and other forms of anti-organizational behaviour.

An understanding of the sociology of work groups was particularly important when management was implementing change. The researchers saw rapid technological innovation as an integral part of business activity. Industrial enterprises were constantly in the process of adjusting methods of production to new market conditions or technical advances.

86. Ibid., pp. 108-120; F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., pp. 581-583; Elton Mayo, The Human Problems of Industrial Civilization, op. cit., pp. 183-185; F.J. Roethlisberger, Management and Morale, op. cit., pp. 88-108, 111, 112 and passim.

The social structures of work groups, on the other hand, were essentially conservative. Workers were anxious to protect their social relationships from unwanted disruptions.⁸⁷

In order to reconcile these conflicting demands without damaging economic performance, it was necessary that the manager "...systematically consider the social structure of his group and guide his technological progression in such a manner as to be acceptable to that structure."⁸⁸ Whitehead did not claim that it would always be possible to introduce change without disrupting work groups. But an understanding of sociology would enable managers to minimize such disruption. Conversely, failure to consider the social life of the work group would provoke its opposition and thus defeat the economic purpose of the enterprise.⁸⁹

Mayo gave a more practical example of how sociology could be used to help managers. The study of group interaction could be used as a guide when selecting foremen and transferring employees. By identifying the informal group leader and selecting him for promotion, management could use his influence to encourage the group to follow company policy. Similarly, by distinguishing between employees who played a key role in group activities and those who were marginal, it would be able to transfer workers without upsetting the group.⁹⁰ Thus the careful observation of work groups would enable management to manipulate them more effectively.

87. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 83-86 and passim. See also: Georges Friedmann, Industrial Society, op. cit., pp. 313-317.

88. T.N. Whitehead, Leadership in a Free Society, op. cit., p. 85.

89. Ibid., p. 85.

90. Elton Mayo and George F. Lombard, Team Work and Labour Turnover in the Aircraft Industry in Southern California, Harvard School of Business Administration, Business Research Study No. 32 (Oct., 1944).

VIII

The second technique, counselling, arose from the interview programme. As we noted, this programme had given the researchers a large body of information about the attitudes of employees. In the process, it also seemed to provide an outlet for employees' grievances. By talking to the interviewers, workers were able to unburden their problems and frustrations. Thus the interviews appeared to have therapeutic value. Moreover, the opportunity to talk to a sympathetic listener seemed to reduce worker discontent - a fact which the researchers did not fail to notice. And, on some occasions, the interviewers had been able to facilitate "...the adjustment of the individual to the industrial structure."⁹¹

These findings suggested to management that it might be worthwhile to set up a programme of employee counselling. In 1936, several years after the completion of the bank wiring experiment, counselling services were established at Hawthorne. Later they were expanded to five other Western Electric plants. By 1954 when the programme reached its peak, the company employed sixty-five counsellors.⁹² The purpose of counselling was to provide a harmless outlet for employee grievances and to help them to adjust to the 'demands' of industrial life. This latter function also included keeping an eye out for indications of unrest. By obtaining the confidence of employees, counsellors would be in a position to gauge the level of discontent and thus to advise management of impending dangers. Although the researchers did not openly discuss counselling in terms of spying on employees, the fact that management expected economically useful services from them suggested that this role would be difficult to avoid.

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91. F.J. Roethlisberger and W.J. Dickson, Management and the Workers, *op. cit.*, p. 601; F.J. Roethlisberger, Management and Morale, *op. cit.*, p. 18. See, as well; J.A.C. Brown, The Social Psychology of Industry, *op. cit.*, pp. 78-80.
92. Ibid., pp. 593-604. See also: Lorin Baritz, The Servants of Power, *op. cit.*, pp. 105-107.

Moreover, two of the researchers, Roethlisberger and Dickson, made it perfectly clear that the counselling functions would in no way impede normal supervisory practices. Counsellors were there only to "improve" employee attitudes, not to interfere with supervision and discipline.⁹³

The benefits of counselling to management are clearly spelled out by Lorin Baritz:

(P)ersonnel counselling...using the tested techniques of the Catholic confessional and the psychiatric couch, has frequently resulted in labour losing control over the nature and conditions of work. It has often meant that the potency of labour organization has been weakened and made less meaningful; and that management has finally found if it chooses to use counselling, as such, a most devastating weapon to employ in its continual struggle for power.⁹⁴

93. F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 603. The authors are quick to point out that counsellors would not have to violate their promises of confidence to do this. In their own words "... (T)he material obtained by the counsellor provides, within limits of the activity, an accurate source of information for management. Many problems which the counsellor encounters at the work level, of course, cannot be transmitted. A general appraisal of the work situation, however, can sometimes be made without in any way violating the confidences of employees or supervisors. As a matter of fact, it is possible with a programme of this kind to keep management accurately informed as to the major factors which are affecting the attitudes of employees." op. cit., p. 603.

94. Lorin Baritz, The Servants of Power, op. cit., p. 115. Ironically, Whitehead makes precisely the same analogy between counselling and the "confessions" made to doctors, priests and psychiatrists:

"(E)mployees are only too anxious that their executives should understand the sentiments and loyalties of working groups, provided these executives make it clear that their motives are not disciplinary, but spring from a real desire to understand and meet the needs of the groups for their mutual economic benefit. This will not surprise anyone who has considered the ease with which intelligent and sympathetic priests, doctors, psychiatrists and others obtain full confessions from their 'patients.' The needs are not so different in the two cases."

T.N. Whitehead, Leadership in a Free Society, op. cit., p. 105. Presumably management will absolve employees of their sins as long as they promise to mend their ways.

IX

As we might expect, the human relations theorists had little sympathy with trade unions. The belief that worker opposition to management was based upon non-rational sentiments enabled them to dismiss trade unionism as an unnecessary - and unwanted - intrusion into industry. The existence of unions was explained not in terms of conflicts of interest but rather in terms of management failure.⁹⁵ The human relations researchers saw conflict as an indication of "social disease" whereas harmony and co-operation were signs of social health.⁹⁶ By neglecting the social needs of workers, management had left the door open for other organizations to capture their loyalty. The role of trade unions was thus defined exclusively in terms of their social functions. Workers joined unions in order to gain the social satisfactions which management had failed to provide. Of course, the organizers of unions were seeking other, less savoury objectives and were anxious to provide workers with social satisfactions in order to use them to challenge the status quo. But the majority of workers had no such aims and were simply seeking to satisfy their social needs by joining a union.

The human relations researchers had a peculiar inability to comprehend that from the viewpoint of workers, unions might appear in a different light. They denied even the possibility that alternative definitions of the role of unions might have some validity. The

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95. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 141-156; F.J. Roethlisberger, Management and Morale, op. cit., pp. 25, 26; Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 181, 182. See also: J.E.T. Eldridge, Sociology and Industrial Life, op. cit., p. 110, and Alan Fox, Man Management, op. cit., pp. 70-74.
96. On this question see the enlightening article by Reinhard Bendix and Lloyd H. Fisher, "The Perspectives of Elton Mayo" in Amitai Etzioni, Complex Organizations (London, 1964) pp. 115, 119. Reprinted from Review of Economics and Statistics, 31 (1949) pp. 312-319.

rational goals of trade unions were dismissed as irrelevant, or simply ignored. And the idea that unions were necessary to protect workers from the arbitrary exercise of management power was rejected out of hand. For this argument implied that management could abuse its power - an idea that was as foreign to the Hawthorne researchers as it was to Taylor. Instead, they hinted that unions were subversive organizations whose objectives were not to help those they represented but rather to pursue the unsavoury political ends of their organizers.⁹⁷

This analysis, with its emphasis on management failure rather than conflicts of interest, suggested that a solution lay within management's reach. If the rise of trade unionism was a consequence of inept management techniques which ignored the social needs of workers, the solution was to develop more sophisticated ones. And this, of course, was precisely where human relations came in. Supervision and personnel counselling, it was claimed, were useful methods of counteracting trade union activity. Moreover, some of the researchers warned that if management did not adopt these techniques, it would leave itself vulnerable to union organizers who would have no qualms about exploiting the frustrations and misunderstandings of workers.

If management does not put itself in a position where it is able to understand the social activities of its employees in terms of their situations (sic), then other organizations will arise to perform this very function. This function is performed by a variety of organizations at the very moment: trade unions and kindred bodies are obvious examples, and in some countries this function is also performed by political organizations, party organizations and other groups whose methods are not always desirable or easy to control. Management's best guarantee against a socially and economically unsound leadership is to do the job itself.⁹⁸

97. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 119, 141-156; Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 181.

98. T.N. Whitehead, Leadership in a Free Society, op. cit., p. 119. See also: Elton Mayo, The Political Problems of an Industrial Civilization, op. cit., pp. 19-21.

To prevent union organizing, management had to get there first. By building a community at work which satisfied the social needs of workers, it could alleviate the sources of discontent.

Although this strategy was clearly designed to preserve the existing power of management, the human relations researchers were reticent even to admit that power relationships existed in industry. Yet the language of co-operation, leadership and harmony concealed the fact that overriding management power was taken for granted. Workers were to 'co-operate' in the pursuit of aims established by management. They were to follow the 'leadership' of their supervisors even though they had no say in their selection. And they were to be 'integrated' into an industrial community whose structure and objectives were decided unilaterally by employers.

The human relations theorists did not avoid the question of power. They merely eschewed discussing it openly. That management ought to extend its control over work groups was simply taken for granted. Because the researchers identified with the views of top management, whatever enhanced or extended managerial control was seen as legitimate. The argument that trade unions were unnecessary because the needs of workers could be met within the framework of the formal organization thus concealed their real objection to trade unionism: unions threatened the establishment of a factory community based upon managerially approved values. By presenting an alternative focus for the loyalty of workers, they made it more difficult for management to control attitudes and behaviour.⁹⁹

99. Of course, the anti-union bias of Human Relations has been the subject of much criticism and debate. Mary B. Gilson, Daniel Bell, C.W. Mills, Lorin Baritz and numerous other critics of the approach have pointed out how the problems identified by the researchers, the frame of analysis used to examine these problems and the solutions advocated reflected an anti-union bias. However, one researcher has attempted to defend Roethlisberger and Dickson (but not Mayo and Whitehead) from this charge. Henry Landsberger argues that unions were ignored because they were not a major force in American industrial life until after the Hawthorne research was completed. Yet as Gilson and Baritz note, the Western Electric Company was spending large amounts of money on industrial surveillance in order to prevent unionization during the same period that the research was being carried out. See: Henry Landsberger, Hawthorne Revisited, op. cit., pp. 51-55.

Thus the human relations theorists rejected industrial pluralism.

Unlike recent management theorists, they saw trade unions not as legitimate organizations fulfilling a necessary function in protecting worker interests but rather as impediments to be overcome. Like Taylor, proponents of human relations adhered to a theory of managerial absolutism. Decision-making within the enterprise was the sole prerogative of managers. The human relations theorists said little about what management ought to do if its employees refused to 'co-operate', or if they rejected the 'leadership' of supervision, for they assumed that all opposition was of a temporary nature. However, their acceptance of the policies followed at Hawthorne during the experiments - policies which included arbitrary dismissals, transfers, demotions and large-scale redundancies - indicates that they saw nothing wrong with the unilateral use of management power when persuasion had failed.

The jurisdiction for giving management such control over the lives of its employees was one of straightforward paternalism: management knew best. The non-rational sentiments which governed the behaviour of workers were contrasted with the rational economic decisions engaged in by managers.¹⁰⁰

100. As Reinhard Bendix notes, however, the contrast between the rational behaviour of management and the non-rational behaviour of workers was a result of a conscious attempt by the former group to train itself to think rationally and not its intellectual superiority. Managers were also prone to behave according to non-rational customs. What distinguished them as managers, however, was their capacity to overcome this tendency. Reinhard Bendix, Work and Authority in Industry, op. cit., pp. 313-316. Bendix goes too far in his claim in this respect, though. For he contrasts the tendency of the Human relations school to assume that both workers and managers were "creatures of sentiment and non-logical thinking" with Taylor's assumption of the superior intelligence and virtue of management. Bendix does not show how this argument can be reconciled with the explicit elitism of the Human Relations school and its assumption that the problems of industry are to be solved exclusively by the managerial elite. Like Taylor, the Human Relations theorists simply assume the superiority of the elite.

Workers were seen as wayward children in need of guidance. And the human relations theorists had no doubt that management ought to provide it. Moreover, like children, workers were to be denied the opportunity to determine such matters for themselves because they might make the wrong choice. Although the authoritarian implications of this position ought to have been obvious, such questions did not trouble the Hawthorne researchers: they were too enthused about the possibilities for control that social science offered to management to waste time in philosophical speculation.

X

Two of the researchers, Mayo and Whitehead, extended their analysis of the problems of workers from the factory to the larger society. They argued that the breakdown of traditional centres of social integration such as the family, church and geographically-based community was threatening industrial civilization itself.¹⁰¹ In the words of Mayo:

It would seem that one of the important problems discovered by the research at Hawthorne - the failure of workers and supervisors to understand their work and working conditions, the widespread sense of personal futility - is general to the civilized world and not merely characteristic of Chicago. The belief of the individual in his social function and solidarity with the group - his capacity for collaboration in work - these are disappearing, destroyed in part by rapid scientific and technical advance.¹⁰²

This general breakdown in social cohesion threatened management in two ways. Because individuals were less responsive to traditional social controls, it was more difficult for managers to run their factories

101. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 123-143.

102. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 177.

efficiently. Workers were increasingly unwilling to accept the discipline of factory life. And they were more inclined to engage in 'irrational' activities which undermined economic performance. Second, the widespread discontent which accompanied the breakdown in social cohesion posed a political threat to business.¹⁰³ Influenced by the upheavals of the great depression, Mayo and Whitehead expressed the fear that this discontent would be manipulated by radicals whose aim was to overthrow the existing social order.

Their solution to this threat lay in building social groups which would support the status quo. As the traditional centres of social integration - church, family and local community - were proving incapable of doing this, it was necessary for industry to take a more active role. The factory, according to Mayo and Whitehead, should become a new centre of social life.¹⁰⁴ The political advantages to business would be substantial, for the norms and values associated with this new centre of social integration would be those approved by management. Workers would identify their interests with those of their employer and hence would be less likely to support political movements opposed to business.

In addition, they argued that business men ought to provide 'leadership' to the larger community, in order to prevent social disintegration and to ensure that the democratic process was not abused by unscrupulous agitators. Moreover, because government policy reflected

103. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 165-171 and passim; Elton Mayo, The Political Problems of an Industrial Civilization, op. cit., pp. 17-20; Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 172-176.

104. T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 169-176. Mayo was opposed to direct intervention by business in politics on the grounds that politics had expanded beyond its legitimate sphere of influence. Instead, he wanted to reduce the scope of government activity and let other organisations such as business fill the gap so created. The effect, of course, would be the same: to enhance the rôle of business. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 144-167.

public opinion, Whitehead argued that business men must make a determined effort to influence its development.¹⁰⁵ Their new role as community leaders would parallel their role within the factory. Workers would look to them for guidance in both spheres of life.

Whitehead outlined the unique qualifications in his most popular book, Leadership in a Free Society:

As a leader, the business executive has obvious qualifications. In general, executives are responsible men, selected largely for their ability to undertake and carry through complex practical affairs; they are well trained in the techniques of organization. In the running of community activities, executives have under their control firms accustomed to the use of skilled techniques, and with the necessary local prestige to undertake a job and see it through. As a matter of fact the present tendency is for a greater participation of firms in the activities of their communities. This participation often starts as a service designed for the exclusive use of a firm's employees, and it spreads out through the employees' families and relatives into the local community.¹⁰⁶

Business executives, he went on to argue, must also recognize the need for greater co-ordination among themselves. Their perspective must expand beyond the confines of their factories to the larger society. They must come to see themselves as collectively responsible for the maintenance of the social order.¹⁰⁷

Elton Mayo argued, in a similar vein, that one of the major deficiencies of the industrial societies of the West lay in the absence of a properly trained administrative elite. Drawing on the theories of Pareto and Brooks Adams, he discussed the question of how a successful administrative group is developed and maintained. Like Pareto and Adams, Mayo believed in the inevitability of elite rule. And he agreed with the former writer that social stability depended upon an adequate circulation of elites. A major

105. Ibid., pp. 170-172.

106. Ibid., p. 170.

107. Ibid., pp. 208-210.

impediment to business administration in Europe, he felt, was that the circulation of elites was inadequate. Hence industry was controlled by men unable to respond to the challenge of rapid technical and economic change.¹⁰⁸

However, in the United States, according to Mayo, the problem was not that of infusing new blood into the administrative elite but rather of overcoming inadequate training and over-specialization.¹⁰⁹ Under the influence of scientific management, the American business elite had become preoccupied with technical matters and failed to develop the needed social and administrative skills. Ignorance of the behavioural sciences had reduced its ability to control subordinates and limited its capacity to counteract the breakdown of social cohesion.¹¹⁰ Consequently, it had found itself unable to counteract the social unrest which had developed during the great depression.

Mayo's solution to the social problem highlighted by the great depression lay in educating America's business elite in the social sciences. Members of this elite would then be able to use their knowledge of sociology and psychology to build up stable and cohesive social groups. By assuming control of the social as well as economic life of their societies, they would be able to foster norms and values which would reinforce existing

108. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit. pp. 176, 177. Roethlisberger and Dickson also refer to the influence of Pareto on their analysis of the conflict between technical change and social cohesion. See: Management and the Worker, op. cit., pp. 567, 568, and F.J. Roethlisberger, Management and Morale, op. cit. p. viii. For a brief discussion and critique of the influence of Pareto on Mayo and the other Hawthorne researchers, see: Daniel Bell, "Adjusting Men to Machines", Commentary, Vol. 3, 1946, pp. 79-88.

109. Ibid., p. 177. See also: Elton Mayo, The Social Problems of an Industrial Civilization, op. cit., p. 122.

110. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 177. See also: T.N. Whitehead, Leadership in a Free Society, op. cit., and Elton Mayo, The Social Problems of an Industrial Civilization, op. cit., p. 120.

institutions.¹¹¹

The world over we are greatly in need of an administrative elite, who can assess and handle the concrete difficulties of human collaboration. As we lose the non-logic of a social code, we must substitute a logic of understanding. If at all critical posts in communal activity we had intelligent persons capable of analyzing an individual or group attitude in terms of, first, the degree of logical understanding, second, the non-logic of social codes in action, and, third, the irrational exasperation symptomatic of conflict and baffled effort; if we had an elite capable of such analysis, very many of our difficulties would dwindle to vanishing point.¹¹²

It was an outline of business hegemony over society as well as industry. And it rested on the assumption that success in business conferred the right to determine social and political as well as economic priorities.

Mayo's belief in the need for a greater degree of social cohesion within industrial societies also led him to criticize liberal democratic theory for placing too much emphasis on individualism and individual rationality.¹¹³ As we noted, he felt that the balance between social integration and individual differentiation had swung too far in the latter direction. The breakdown of social cohesion had serious implications for the existing social order. Individuals were becoming less amenable to social controls of any description. And, if society were not able to reverse this trend, civil disorder would result.¹¹⁴

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111. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 121-130; T.N. Whitehead, Leadership in a Free Society, op. cit., pp. 245-247; Reinhard Bendix and Lloyd H. Fisher, "The Perspective of Elton Mayo", op. cit., pp. 116-119. Not surprisingly, even liberals reacted strongly to Mayo's corporatist views. See, for example; Clarke Kerr, "What became of the Independent Spirit" Fortune, Vol. 48, 1953, as cited by Henry Landsberger, Hawthorne Revisited, op. cit., pp. 30, 31.
112. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 185, as cited by Reinhard Bendix and Lloyd H. Fisher, "The Perspectives of Elton Mayo", op. cit., p. 113.
113. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 146-148. Mayo's criticism is extremely confused however. For example, he sees the views of Rousseau and J.S. Mill as being virtually identical.
114. Ibid., pp. 126-130, 136-138, 146-150.

In laying too much emphasis on the individual, liberal democratic theorists failed to see that the real danger to society lay not in the oppression of individuals by ruling elites but rather in the anarchy arising from the disintegration of the social fabric. By underestimating the dangers of a normless society, liberal democratic theorists were unwittingly encouraging the anomic tendencies which were threatening it.¹¹⁵

Moreover, liberal democratic theorists such as J.S. Mill had overestimated the role of rationality in determining individual behaviour. Following Piaget, Mayo categorized the individual's social responses into three compartments: logical, non-logical and irrational. By logical he meant behaviour which was consciously planned. By non-logical he meant behaviour in which individuals conformed to social norms without being conscious of the reasons for these norms. By irrational he meant a behaviour pattern which was non-logical but contravened existing norms and mores.¹¹⁶ In stable societies behaviour was determined primarily by the second category of response. "The non-logical response", Mayo:

115. Ibid., pp. 148-150. Bendix and Fisher point out that in Mayo's first work, Democracy and Freedom: An Essay in Social Logic, he outlines why politics cannot provide a solution to the problem of social disintegration. Referring to the two party system in his birthplace, Australia, Mayo contends that "Democracy has done nothing to help society to unanimity, nothing to aid the individual to a sense of social function. Under its tutelage, social development has achieved a condition of perilous instability, a condition which democracy as such can do little or nothing to cure." (p.116). In his later writings and particularly in The Human Problems of an Industrial Civilization, Mayo reiterated his scepticism about the value of politics in fostering a more cohesive society. Actions by government he argued created an "artificial rather than spontaneous form of co-operation among people. Genuine co-operation must be based upon social life, not on political organization." Moreover, attempts by government to promote co-operation tended to destroy the capacity for spontaneous co-operation. However, private organizations such as industry were able to create spontaneous co-operation and ought to be encouraged to do so. Underlying this peculiar, and not altogether consistent, argument lay Mayo's corporalist conception of society - a conception which had no place for effective democratic institutions. For a good discussion of Mayo's views on this question see: Reinhard Bendix and Lloyd H. Fisher, "The Perspectives of Elton Mayo", op. cit., pp. 116-119.

116. Ibid., pp. 164-167. See also: F.J. Roethlisberger, Management and Morale, op. cit., pp. 30-33.

asserted, "makes for social order and discipline, for effective collaboration in a restricted range of activity and for happiness and a sense of security in the individual."¹¹⁷ Customs and habits are normally adequate to guide the individual's activities. It was only in periods of crisis that it became necessary for people to behave according to a process of conscious, rational decision-making. However, unless they had the requisite training in guiding their behaviour in this way, they were unlikely to be successful.

Thus social and political institutions ought to be organized on the assumption that the individual's behaviour should be guided largely by non-rational norms and mores rather than conscious, rational decision-making. If the individual were not given adequate social support and direction, he would be prone to irrational, erratic behaviour and thus would threaten the fabric of society. To keep modern industrial societies from disintegrating, it was essential that their leaders learn how to strengthen and control the non-rational norms and mores which guided the behaviour of the majority. Emphasis on individual rationality ought to be subordinated to custom, tradition and other non-logical determinants of behaviour. By stressing the importance of allowing the individual rationality to guide his behaviour, liberal democratic theorists were making it almost impossible for the elite to take the necessary measures to strengthen the social fabric.

XIX

As we have seen, the human relations theorists explained industrial conflict in terms of the anomic tendencies of modern industrial societies. Although they were aware of other analyses, their response was normally to

117. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 166.

ignore them.¹¹⁸ Mayo made an exception to this practice. He singled out the position of R.H. Tawney for criticism because he believed that Tawney provided a good example of the weaknesses in the socialist analysis of industrial conflict. Mayo's main point was quite simple: Tawney lacked sociological insight. Instead of recognizing that the source of industrial strife lay in the break-down of social cohesion, Tawney laid undue emphasis on the moral issues underlying industrial conflict. And he tried to pin the blame for industrial unrest on the exploitation of labour by wealthy capitalists.

Two irrelevancies led Tawney away from the interesting task to which he had set his mind. The first is the idea that morality is a quality which can be developed personally and then practised socially. In the latter part of his essay he sets himself not merely to describe the deterioration of social organization but also to claim that some person or groups of persons are very much to blame for these changes. In an apostrophe of the investor he says: "The rentier and his ways, how familiar they were in England before the war! A public school and the club life in Oxford and Cambridge, and then another club in town; London in June when London is pleasant, the moors in October, Cannes in December and hunting in February and a whole world of rising bourgeoisie eager to imitate them, sedulous to make their expensive watches keep time with this preposterous calendar."

This is the language of abuse and has no serious value. There were, no doubt, those who lived thus before the war, but, the percentage of 'Oxford and Cambridge' graduates of that doubtful class of 'rising bourgeoisie' who sedulously imitated such a scheme was negligible.¹¹⁹

Mayo also criticized Tawney for "...his curious belief that morality and religion are something more than specified aspects of a social life

118. Henry Landsberger, Hawthorne Revisited, op. cit., pp. 1-4. However, Landsberger notes that several recent advocates of the human relations approach have done so. See: G.C. Homans, "Some Corrections" Review of Economics and Statistics, Vol. 31, 1949, pp. 319-321; S. Chase, "Comment" Antioch Review, Vol. 10, 1950, pp. 405-406; C.M. Arensberg and G. Tootell, "Plant Sociology: Real Discoveries and New Problems," Common Frontiers of the Social Sciences (Glencoe, Ill., 1957) pp. 310-337. We might add that Landsberger himself is a qualified supporter of the approach and feels that much of the criticism of human relations is misplaced.

119. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., p. 152. See also: pp. 181-184.

and organization."¹²⁰ By this he meant that Tawney had placed too much emphasis on rational, moral decision-making. Tawney failed to see that non-rational social norms and mores were of greater significance in fostering co-operation in industry. Moreover, Tawney interpreted the opposition of workers as a perfectly reasonable reaction to the way they were treated by owners. Such opposition, Mayo argued, was more frequently based upon irrational, anarchic sentiments. Thus the solution to industrial conflict lay not in rational discussion, but rather in rebuilding the non-rational norms, mores and social controls which had broken down.¹²¹

Although Mayo's own analysis of the breakdown of social cohesion within industrial societies was based on the work of Durkheim, Mayo showed little interest in the moral question of what organizational structures would establish an appropriate balance between satisfying the individual's social needs and providing him with the maximum opportunity for personal development and self-expression. Unlike Durkheim he saw the value of social integration in terms of establishing a stable social order: Durkheim's socialist views were ignored. Social integration was desirable from Mayo's point of view not because society was failing to satisfy the needs of individuals but rather because widespread anomie posed a threat to the existing political and social order. Without sufficient social controls, Mayo feared, the working class would become ungovernable.¹²²

Indeed, the human relations theorists were largely unwilling to accept that fundamental moral questions were associated with the organization

120. Ibid., pp. 152-153. Whitehead criticized the Webbs' book Industrial Democracy on similar grounds. For example, he referred to their support of trade unions as "a disturbing bias." See: Leadership in a Free Society, op. cit., pp. 141, 142.

121. Elton Mayo, The Human Problems of an Industrial Civilization, op. cit., pp. 181-188.

122. For a discussion of the contrasting attitudes towards social integration expressed by these two writers, see: J.E.T. Eldridge, Sociology and Industrial Life, op. cit., pp. 106-111.

of industry. When confronted with a challenge to their views based upon moral grounds, their response was to deal with it in a purely sociological fashion. They assumed that morality - or at least the morality held by workers - could be reduced to mores. And they saw mores as valuable because they acted as a "social cement" which fused the individual to the existing social order.¹²³ As a consequence they saw nothing wrong with attempting to modify social mores in such a way that they bound individuals more firmly to the status quo.

So enthused were the human relations theorists about the discovery that behaviour was determined by non-logical sentiments, customs, norms and mores, that they lost sight of the fact that rational considerations also played an important part. The idea that workers acted according to non-rational social codes was reinforced by their own elitism. They did not see workers as rational moral agents but rather as socially programmed beings who unconsciously - and unthinkingly - adhered to the norms and values of their work groups. By denying the rationality of worker opposition to management goals, the researchers avoided the thorny questions associated with challenges to the distribution of power, income and status within industrial enterprises. And they were able to persuade themselves that such challenges would disappear once managers had learned how to control norms and mores more effectively.¹²⁴

The issue of whether management had any right to manipulate employee attitudes and values was also ignored. This was particularly disturbing because the techniques of supervision and counselling involved controlling behaviour in a manner that was to be concealed from workers. Supervisors were to be trained in the art of modifying group norms not by rational argument, but rather by establishing an emotive bond with their subordinates. Similarly, counsellors were to persuade workers that their frustrations were

123. The term "social cement" is explicitly used by F.J. Roethlisberger. See: Management and Morale, op. cit., p. xii.

124. See, for example: Reinhard Bendix and Lloyd H. Fisher, "The Perspectives of Elton Mayo", op. cit., pp. 124-126; Daniel Bell, "Adjusting Men to Machines" op. cit., Vol. 3, 1947.

the result of deep seated emotional problems or an inability to adjust to the demands of industrial life in a mature way. In either case the rationality of worker grievances was simply discounted. And, no respect was shown for the worker's right as an individual to adhere to a different set of values or to come to his own conclusions about the problems he confronted in industry. In short, the human relations theorists were completely intolerant of the worker's right to dissent from management's view of his welfare.

Proponents of human relations were unwilling to see that workers were people and not merely tools of production. Indeed, the idea that workers were ends in themselves was as foreign to them as it was to Taylor. Because workers were seen as means for the pursuit of employer objectives, Mayo and his colleagues had no sympathy for the view that work ought to provide an outlet for individual creativity and self-development. They studiously ignored the stultifying effects of the routine, repetitive work in the test rooms.¹²⁵ And, they failed to see that the 'hostile' responses of workers were an attempt to assert their priorities in the face of unrelenting management demands for greater output. Instead, opposition was seen as a failure to accommodate to the demands of industrial life. True, it was argued that certain social needs ought to be fulfilled on the job. But, as we have seen, this was a means for increasing productivity and reducing discontent and not a goal in its own right. The justification for such policies was not that they made workers happy but rather they made them productive. As Daniel Bell rightly notes:

The fundamental point, as it affects the worker in his own work environment, is that the ends of production are taken as "given" and the worker is to be "adjusted" to his job so that the human equation matches the industrial equation. As one management consultant, Burleigh Gardner, succinctly

125. Roethlisberger and Dickson made an exception to this, however. They argued that there was little evidence to show that workers objected to their simplified tasks. Rather it was the poverty of their social relationships which gave rise to their dissatisfaction. See: F.J. Roethlisberger and W.M. Dickson, Management and the Worker, op. cit., pp. 573-575.

phrased it: "The more satisfied [the worker] is, the greater will be his self-esteem, the more content he will be, and, therefore, the more efficient in what he is doing." A fitting description not of human but of cow sociology. 126

Like Taylor, proponents of human relations saw working people exclusively in terms of their role as a factor of production. Yet their vision of the control business ought to have over its employees was more encompassing because they wanted the factory to be the centre of the social as well as the economic lives of workers. However, they refused to see the authoritarian implications of making the factory a new centre for social integration. No attempt was made to reconcile the rights of the individual within a democratic society with the pattern of authority in industry. The increasing role that business was to play in the lives of its employees was to occur within a framework based exclusively upon commercial priorities. No thought was given to the question of whether industry might be organized according to other principles or that it might pursue different objectives. Nor was any consideration given to the effects of business hegemony on the democratic aspirations of working people, for the right of property owners to determine social and political priorities was taken for granted.

Thus we see that the human relations movement had nothing to do with humanizing industry. Rather, it arose in response to specific management problems such as output restriction, absenteeism, labour turnover and the challenge of trade unionism. Satisfaction of the worker's social and psychological needs was seen as a way of reducing discontent and manipulating his behaviour more effectively. The development of new supervisory techniques was not undertaken to enable supervisors to help their subordinates solve the problems they confronted on the job but rather to give supervisors the tools to 'adjust' workers to those problems.

126. Daniel Bell, Work and Its Discontents, op. cit., p. 25.

Similarly, counselling was seen not as a method of improving the psychological well-being of workers, but rather as a technique for manipulating their attitudes and diverting their attention from the repetitive jobs assigned to them.

The human relations theorists refused to acknowledge that there might be a conflict between the demands of shareholders and the needs of workers or that production and profits might be sacrificed for a more congenial and humane work environment. Whenever the requirements of business clashed with the needs of workers, the former automatically took precedence. Thus human relations was nothing more than a strategy designed to bring the human side of industry into line with the aims of shareholders. As such, it provided a useful supplement to scientific management by giving managers the sociological and psychological tools necessary to mould worker attitudes and behaviour to the jobs designed by the engineers.

The cynical and manipulative attitude of the management of the Western Electric Company is revealed clearly in an ironic anecdote by Charles Hampden-Turner:

The behaviour of Western Electric over the publication of the book Management and the Worker is illustrative of the extent to which the Hawthorne findings modified management's attitudes. The book became a best seller, being translated into several languages. Western Electric demanded and received half the royalties on the grounds that it had hosted the experiment. It then remembered that while Dickson, the joint author, had been working on the book, Western Electric had paid his salary, so it pocketed his share as well. (After all, why be generous? There's a special department for that.) Roethlisberger was so upset that he sent half of his quarter share of the royalties to Dickson. So the company got three-quarters and the two authors one eighth of the royalties each. As for the girls, who had told everyone the answers, they got nothing. The moral is that you can lead a horse to water but you can't stop it drinking your share, and then fouling the water hole.¹²⁷

127. Charles Hampden-Turner, Radical Man, op. cit., p. 222.

XII

Despite its initial promise in extending managerial control, human relations was only partially successful in achieving this aim. This was not because its advocates had moral reservations about using social science to manipulate the attitudes and values of other human beings. Rather, it was because workers were less malleable than had first been thought in the euphoric days when psychology and sociology promised a quick end to the labour problem. Supervision and counselling, while of some use in certain industries, were not panaceas for management's problems. Indeed, to the consternation of the human relations theorists, unions expanded rapidly in the decade following the Hawthorne research. And, practices, such as output restriction, proved highly resistant to management's attempts at manipulation.

Failure to establish managerial hegemony was not a result of the inability to apply the new techniques correctly - although undoubtedly there were deficiencies in this regard. Rather, it was a consequence of the faulty analysis upon which the techniques were based. The researchers assumed that the major source of conflict in industry was between the social needs of workers and the economic requirements of the formal organization. As they saw no reason why the social needs of workers could not be satisfied within a work group structure committed to management goals, they felt that all that was needed was to develop techniques which would bring work group norms and values into line with the aims of management. However, as Alan Fox notes, if work groups were formed to pursue other goals, this analysis disintegrates:

The group would then be seen by its members predominantly as a means to certain specific ends. To be sure, members might also derive intrinsic satisfactions from their mutual cooperation, trust and fellowship which they would be sorry to lose, but these would not be the reasons why the group evolved. The basis of group affiliation would therefore be totally different from that postulated by the early Human Relations school, which envisaged members valuing the group not as a means to an end but as an end in itself.¹²⁸

Ironically, Taylor's belief that work groups were formed to oppose management revealed much more insight into the nature of their activities than the allegedly sophisticated analysis of the social scientists. A second major weakness in the analysis was the belief that opposition to management was based upon non-logical sentiments. They dismissed the view that there was a fundamental conflict of interest between workers and employers as a misunderstanding by workers of the purpose of management.¹²⁹ Because the human relations theorists thought that the existing pattern of authority relationships within business enterprise was based upon rational economic principles, they found it difficult to see how any thoughtful person could object to it. They assumed that the workers' position of subordination and dependence was both necessary and, given their tendency to behave according to non-rational sentiments, perfectly appropriate as well. Thus attempts by workers to challenge the content of management decisions or the structure which gave management power over them were treated in the same way that a parent would deal with children who misbehaved.

Yet workers were not children and resented being treated as such. In failing to accept the rationality of worker suspicions of management,

128. Alan Fox, Man Mismanagement, op. cit., p. 75.

129. On this point, it is appropriate to recall R.H. Tawney's pointed critique: "The idea that industrial peace can be secured merely by the exercise of tact and forbearance is based on the idea that there is a fundamental identity of interest between the different groups engaged in it, which is occasionally interrupted by regrettable misunderstandings. Both the one idea and the other are an illusion. The disputes which matter are not caused by a misunderstanding of identity of interests but by a better understanding of diversity of interest." R.H. Tawney, The Acquisitive Society, (London, 1966) (orig. pub. 1921) p. 40.

the human relations theorists committed a major error of judgement.¹³⁰ For their strategy made no provision for those who rejected management's claim that there was an identity of interest between workers and employers. It was thus not surprising that the techniques of supervision and counselling proved largely incapable of overcoming such rationally-based opposition.

The belief that many of the problems managers faced within the factory were the result of the anomie behaviour of employees was also questionable. As we noted earlier, under the influence of the great depression, with its widespread social upheavals, Mayo and his colleagues had come to believe that social cohesion was breaking down. Yet their analysis mistook cause for effect.¹³¹ The social unrest which they saw as a threat to business was a result of the economic collapse, not its source. And, what is perhaps more surprising, they failed to see that those who were suffering the ravages of the great depression had justifiable reasons for questioning the existing social and economic framework.

Finally, the human relations researchers had little insight into the effects of structural inequalities on attitudes and behaviour. They were reticent to acknowledge that the existing framework of ownership and control might itself be the source of the conflict between workers and managers.

130. Roethlisberger and Dickson made the above analogy in a discussion of the attitudes of workers to authority. The major difference between the father-son relationship and the supervisor-worker relationship, they argued, was that the former had the support of "...numerous social institutions, such as the church and the school" whereas the latter was supported only by the "logic of efficiency." Because the norms of the social life within the factory did not coincide with the goals of the formal organization, the supervisor's task was much harder than that of the parent's. See: F.J. Roethlisberger and W.J. Dickson, Management and the Worker, op. cit., p. 547.

131. This was exacerbated by the fact that the Hawthorne experiments took place in Chicago with its large population of immigrants. In an area characterized by recent influxes of workers from different parts of the world, it was not surprising that traditional community ties had not been formed. Although the researchers were aware of these facts, they felt that Chicago was an example of what cities in the future would be like, rather than an atypical case.

It did not occur to them that workers would react to their narrow and circumscribed jobs, their position of subordination, their lack of control over their work and the numerous other constraints imposed upon them by that framework. Nor were they willing to accept that human beings had needs for self-expression, creativity and the opportunity to use their talents and energies in their work.

Rather, they assumed that the limited abilities and intelligence of most workers made it relatively simple for them to adjust to the restricted demands that industry made upon them. Even in the one area where the researchers recognized the importance of satisfying the needs of workers - that of social relationships - they refused to accept the possibility that the formal organization might be incapable of so doing. The conflict between providing a satisfactory pattern of social life within the plant and maximizing output was ignored even though such conflict ought to have been obvious.

There is both irony and justice in the failure of the Human Relations approach to live up to expectations of its founders. For this failure was largely a result of their own arrogance and elitism. By consistently underestimating the rationality of working people they devised a theory of control which, as Bell noted, was more appropriate to bovine than human behaviour. By defining the problems in simplistic terms, they arrived at correspondingly simplistic answers. And by assuming that it would be a relatively uncomplicated matter to manipulate the attitudes and behaviour of workers they failed to recognize just how complex human beings were.

XIII

Although the usefulness of the specific recommendations of the Hawthorne researchers has been questioned and criticized by later management theorists, their basic strategy has left a deep imprint upon

subsequent management thought. The view that social science research can provide management with appropriate tools for controlling workers has been retained by proponents of job enrichment, participation and various other contemporary management theories. These theorists have learned much from the mistakes made at Hawthorne. Consequently, they have been able to place the techniques of supervision and counselling in perspective.¹³² Rather than being viewed as the panacea for management problems, as suggested by Mayo and his colleagues, these techniques have taken their place beside Taylor's engineering strategy. Both have come to be part of management's tool kit for controlling the behaviour of its employees. And like a craftsman's tools they are valued not because they can perform all tasks indiscriminately, but rather that because in particular situations, they can provide an effective weapon for breaking down the defences of workers.

132. On this question, see the interesting evaluation of Mayo's contribution to the development of more effective methods of controlling the work force by William F. Whyte. "Human Relations - A Progress Report" in Amitai Elzioni, Complex Organizations, *op. cit.*, pp. 100-112, reprinted in part, from the Harvard Business Review (34) 1956, pp. 125-132.

CHAPTER IV

PARTICIPATION AND JOB ENRICHMENT: THE POST-WAR

APPROACH TO SOCIAL CONTROL

Like a late night T.V. re-run, the issues of job satisfaction and democratizing the workplace are becoming increasingly 'popular' once again. Academics, sociologists, researchers and corporate consultants whose only tangible contribution to production is to add to overhead costs, are all once again hard at work re-polishing, refining and updating their old theories of 'participation'. In an effort to pour old wine into new bottles, to shape old content into new form, to make minor re-adjustments in what is basically an oppressive and demeaning system of production, they are busy concocting, in the name of 'job enrichment' in particular, the means by which to stimulate greater productivity and profits and to control the rising discontent with working conditions being expressed by more and more workers today. - Jack Rasmus.

I

Management thought has taken great strides in the post-war period freeing itself from many of the misconceptions which impeded attempts by earlier theorists to control worker behaviour. Social science research has provided managers with a number of useful insights into the factors affecting employee motivation and thus has facilitated the development of a new range of techniques designed to harness worker needs more effectively to business objectives.

Whereas Taylor concentrated on 'engineering away' the employee's discretion and Mayo on manipulating his social relationships, contemporary managers now utilise a much larger number of strategies. Techniques involving the re-design of jobs, the calculated enlargement of employee discretion, group methods of production and increased worker participation have all been used with varying degrees of success in recent years. In

some cases, traditional management practices have been discarded in favour of ones embodying the latest developments in sociology and psychology on how to motivate workers. Indeed, some managers have shown a willingness to try out new methods of organizing production which would have surprised, and perhaps shocked, their conventional predecessors - at least until the beneficial effects on the balance sheet were pointed out.

Yet like Taylor and proponents of human relations, the managers who advocate these new techniques maintain that their innovations are not simply devices to promote the aims of shareholders. Rather, they assert that job enrichment and participation constitute major steps towards eliminating the conflict between the demands of the formal organization and the needs of workers. Post-war research in the social sciences, according to them, has established that the satisfaction of employee needs on the job is a precondition for efficient production. Consequently, progressive managers are now firmly committed to the goal of humanizing work.¹

Not unexpectedly, there has been substantial publicity in recent years about management's efforts to provide work that is more satisfying for its employees. Job enlargement, enrichment, rotation and the like

1. See, for example: Douglas McGregor, The Human Side of Enterprise (New York, 1968); Frederick Herzberg, Work and the Nature of Man (London, 1960); Robert N. Ford, Motivation Through the Work Itself, American Management Association (New York, 1969); Judson Gooding, "It Pays to Wake Up the Blue Collar Worker" Fortune, Vol. LXXXII, No. 3 (Sept., 1970); Richard E. Walton, "Alienation and Innovation in the Workplace" Harvard Business Review Vol. 50, No. 6 (Nov. - Dec., 1972); David Jenkins, Job Power, op.cit.; Rensis Likert, New Patterns of Management (New York, 1961); Rensis Linkert, The Human Organization: Its Management and Value (New York, 1967).

have been given widespread coverage in the media. Similarly, schemes to give workers greater participation in decision making have been heralded as major advances in management practice. And, considerable interest has been shown in 'democratic' management, 'employee centred' supervision and 'autonomous work groups'. The impression business would like to convey by such reports is that it has become conscious of its responsibilities to workers and is anxious to provide them with opportunities to satisfy their needs and aspirations on the job. Contemporary management, it is asserted, now recognizes the shortcomings of Taylorism and is intent upon redressing the damage that has been done to workers by failing to consider the human costs of production. For this reason, employers are attempting to replace the authoritarian approach to management, characteristic of early capitalist enterprises, with one which accommodates the democratic aspirations of working people. As a result of such efforts, co-operation is gradually replacing coercion as the basis of authority within modern industry. Admittedly, managers still have the final say in many areas of decision-making. But because they are now aware of their obligations to workers, they exercise their authority in a more responsible and humane way.

The preceding claims about the trend towards more humane and democratic management practices have some truth in them. Managers are more anxious than in the past to secure the co-operation and good-will of workers. And, they are willing to implement job enrichment and participation schemes to achieve this end. But the reason for their new interest in satisfying the needs of workers has little to do with the desire to promote democracy within industry. There is scant evidence that managers now question the role of property as the source of industrial authority. Nor have they been converted to a view of the purpose of industry which

challenges the primacy of production and profits.² Rather, their interest in participation and job enrichment arises from the new circumstances which confront them in the post-war period.

What are these new pressures which have precipitated management's recent interest in the happiness of employees? Obviously, one factor has been a growing recognition of the limitations of earlier strategies of control. As we noted previously, one of the major reasons for the development of human relations was the failure to 'engineer away' employee discretion.³ As a consequence, managers came to recognize the importance of obtaining the commitment of workers to business objectives. Yet while Mayo and Whitehead saw that the manipulation of employee attitudes and values was central to extending management control over the shop-floor, the specific techniques they devised were not equal to the task. True, supervision and counselling did have some successes, particularly in non-unionized firms. But they remained of marginal value for most managers. Consequently, the need for more sophisticated methods of fostering normative

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2. As Lorin Baritz notes, discussions of management innovations which increase employee satisfaction invariably end with the comment that "incidentally" output and profits are raised. See: Lorin Baritz, The Servants of Power, op. cit. The title of a recent Fortune article by Judson Gooding underlines this point nicely: "It Pays to Wake Up The Blue Collar Worker" See: Judson Gooding, "It Pays to Wake Up The Blue Collar Worker" op. cit.
 3. There have also been a number of influential post-war critiques of scientific management. See, for example, the persuasive attack on time and motion study by William Foote Whyte in Money and Motivation (New York, 1955) and Peter Drucker's criticism of organizing work on the basis of simple, repetitive tasks in The Practice of Management (London, 1973) (orig. pub. 1955) pp. 337-346 and passim. More recently, there have been attacks on the principles of scientific management by proponents of job enrichment, participation and similar schemes. The following are among the most well known: Douglas McGregor, The Human Side of Enterprise, op. cit., esp. the contrast between Theory X and Theory Y, pp. 33-57; Chris Argyris, Personality and Organization (New York, 1957) Ch. III, IV, V; Frederic Herzberg, The Motivation to Work, op. cit.; See also: Daniel Bell, Work and Its Discontents (New York, 1970) (orig. pub., 1956) pp. 5-21; James O'Toole, Work in America, op. cit., pp. 17-20.

integration has become increasingly apparent to managers.⁴

The importance of obtaining employee commitment has been underlined by a growing recognition of the ability of workers to exercise discretion, even in the most repetitive, machine-paced jobs.⁵ No matter how carefully management defines the activities of its workers, contingencies arise for which company directives make no provision. Thus employees must decide what course of action to take. If they distrust management or feel they have been unfairly treated, they will exercise their discretion accordingly. As John Child points out:

(R)esearch studies have indicated that employees, whether organized into unions or not, frequently have the ability to counter managerial control if they wish, and that they can use this power quite rationally to further interests at variance with those of management. Indeed, it is today becoming clear that the process of management is liable to far greater frustration by various groups in the enterprise than was acknowledged by earlier writing.⁶

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4. Critiques of Human Relations by managers are now almost as common as those of scientific management. Again, the most virulent are by advocates of participation and job enrichment. For example, Chris Argyris (cited above) refers to the work of Mayo and Whitehead as the "Human Relations Fad" (p. 139). McGregor and Herzberg, although not quite so disparaging, argue that Human Relations is, at best, of marginal value in motivating employees. See: Douglas McGregor, The Human Side of Management, op. cit.; Frederick Herzberg, "One More Time: How Do You Motivate Employees?" Harvard Business Review, Vol. 46, No. 1 (Jan. - Feb., 1968) pp. 53-62. Disillusionment with human relations has also emerged in Britain during the post-war period. For a good discussion of the reasons for this change see: John Child, British Management Thought (London, 1969) Ch. 6, esp. pp. 185-192.
 5. Peter Drucker, The Practice of Management, op. cit., pp. 320, 321; Judson Gooding, "Blue Collar Blues on the Assembly Line" Fortune Vol. LXXXII, No. 1 (July, 1970) pp. 69-71, 112-117; William Foote Whyte, Money and Motivation, op. cit., pp. 11-49.
 6. John Child, British Management Thought (London, 1969) pp. 204, 205. See also: Alan Fox, Man Mismanagement, op. cit., pp. 42, 43 and passim; William Foote Whyte, Money and Motivation, op. cit.; H.B. Wilson gives a fine example of how the workers' goodwill benefits management:

"My father, who was for many years a locomotive engineer, maintains that if he had followed all the railway rules he would never have got a train in on time. He retired with an excellent record because he was never responsible for an accident and so was judged by his performance instead of by the rules he broke."

H.B. Wilson, Democracy and the Workplace (Montreal, 1974) pp. 97, 98. Needless to say, workers who use their discretion in this way are exactly the type management desires.

Dissatisfied workers can respond to management demands in a number of other ways. They may obtain considerable pleasure in using their otherwise dormant talents in devising ingenious methods to sabotage production. Indeed, it is remarkable how creative workers can be when they put their minds to this task. As the management theorist, Peter Drucker, points out, despite efforts to limit worker discretion and control worker attitudes, management's ability to detect and put an end to such activities remains highly circumscribed:

In the most completely machine paced operation, the speed and quality of which appear to be completely determined by the machine, the worker still retains decisive control. It may not be possible to find out how he manages to beat the machine; but as the old Latin proverb has it, human nature asserts itself - even if thrown out with a pitchfork - or with a conveyor belt.⁷

A loose belt welded into the wheel-well of an automobile will ensure a rattle for the life of the car. And, it will result in substantial expenditures by the company in searching for the mysterious and untraceable noise about which the customer so bitterly complains.⁸ Similarly, workers may deliberately perform a slipshod job to make their employer spend money on costly repairs. Industrial sabotage is not new, of course. But it is now taken more seriously because research has shown how great its costs can be.⁹

In high technology, capital-intensive industries a hostile or indifferent employee can also do considerable damage through negligence

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7. Peter Drucker, The Practice of Management, op. cit., p. 320.
 8. This example is given by Judson Gooding in his widely read Fortune article on American automobile workers. See: "Blue Collar Blues on the Assembly Line" op. cit., p. 70. See also: William Serrin, The Company and the Union (New York, 1973) pp. 233-236.
 9. See, for example, Richard E. Walton, "Alienation and Innovation in the Workplace" in James O'Toole (ed.) Work and the Quality of Life, op. cit., pp. 228,229; William F. Whyte, Money and Motivation, op. cit., esp. pp. 14-19.

or carelessness.¹⁰ The worker who does a slipshod job now costs his company far more than was the case fifty years ago because so much additional investment is involved. A simple mistake in a continuous process plant may result in tens of thousands of pounds worth of damage to equipment or products. Moreover, because production is now highly integrated, effective co-ordination of the activities of workers is increasingly important. Consequently, the need to have a conscientious work force is more pressing than in the past as W.J. McCarthy and N.D. Ellis point out:

It is not only that more capital intensive systems of production tend to increase the strategic power of workers if the conflict between them and management is pushed to a point where industrial action occurs. More important still, we think, are the developments that combine to make modern business an increasingly co-operative and inter-dependent activity, where efficiency and flexibility in the face of the growing demands of the external environment depend on the maintenance of effective group inter-action through the performance of a series of related tasks. Most students of management studies now agree that the most appropriate management style in circumstances of this kind is participative, even democratic.¹¹

Dissatisfied workers may also disrupt production simply by failing to show up for work. The theoretical efficiency of the assembly line provides little consolation to the manager who finds that his employees do not appear in sufficient numbers to run it. As James Roche, former Chairman of General Motors, commented in a moment of frustration: "Tools

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10. Peter Drucker, The Practice of Management, op. cit., pp. 344, 345; See also: W.W. Daniel and Neil McIntosh, The Right to Manage? op. cit., pp. 3-9, 55-66; W.E.J. McCarthy and N.D. Ellis, Management by Agreement (London, 1973), pp. 95, 96; Alan Fox, Man Management, op. cit., pp. 42-45; Emma Rothschild, "G.M. in Trouble: I The Vega" New York Review of Books, Vol. XVIII No. 4 (Feb. 25, 1971) pp. 14-19; Emma Rothschild, "G.M. in More Trouble" Vol. XIX No. 6 (March, 23, 1972) pp. 18-25; William Serrin, The Company and the Union, op. cit., pp. 227-235.
11. W.E.J. McCarthy and N.D. Ellis, Management by Agreement (London, 1973), p. 95. See also: Richard Hyman, Strikes (London, 1972).

and technology mean nothing if the worker is absent from his job."¹² Of course, the problem of absenteeism is not new. But since 1960 there has been a marked increase in such behaviour among hourly paid workers in some industries. For example, absenteeism at General Motors in the U.S. rose from 2% to 6% from 1960 to 1970.¹³ By 1968 the rate of absenteeism at Ford was twice what it had been in 1960.¹⁴ A 1968 survey by the Department of Employment and Productivity in the U.K. discovered that on average, 15 per cent of employed men failed to obtain full wages each week because of absenteeism.¹⁵ In Sweden, industry has experienced similar troubles. Before the introduction of the new work group systems at Volvo and Saab-Scania, absenteeism was running as high as 25% at the latter and 15% at the former.¹⁶ In 1968 the situation became so serious for Saab-Scania that it simply could not recruit workers for a new assembly-line at Sodertalje.¹⁷ In Italy, according to a recent feature article in the Sunday Times, "On a normal day at Fiat some 12,000 men fail to turn up for work - more than one in every eight - and on bad

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12. James Roche, as cited by: Judson Gooding, "Blue Collar Blues on the Assembly Line" op. cit., p. 70.
 13. "G.M. - The Price of Being Responsible" Fortune, Vol. LXXXV, No. 1. (Jan. 1972) as cited by: Ken Weller "The Lordstown Struggle" (London, Solidarity Pamphlet No. 45) p. 2. See also: Emma Rothschild, "G.M. in More Trouble" op. cit., p. 21.
 14. Judson Gooding, "Blue Collar Blues on the Assembly Line," op. cit., pp. 69, 70; See also: Ken Weller, "The Lordstown Struggle" op. cit., p. 2.
 15. Ken Coates and Tony Topham, The New Unionism (London, 1972) p. 33, also pp. 33-36. Included under absenteeism were: sickness, arriving late or leaving early, injuries and unexplained absences.
 16. B.B.C. II 'Money at Work' Feb. 9, 1973 as cited by Ken Weller in "The Lordstown Struggle" op. cit., p. 2. See also: Joseph Mire, "European Workers' Participation in Industry", Monthly Labour Review, U.S. Dept. of Labour (Feb. 1973) pp. 9-15. Mire notes that absenteeism was running at 10 to 11 per cent in the engineering and metal industries in Sweden in the late 1960's and early 1970's.
 17. James Ensor, "Can You Transplant the Swedish Experiment?" Financial Times Jan. 28, 1975, p. 15. See also: Lars G. Bjork "An Experiment in Work Satisfaction" Scientific American, Vol. 232, No. 3 (March, 1975) pp. 17-23; David Jenkins, Job Power, op. cit., pp. 270, 271; Harford Thomas, "Factory Life Saab Style" Guardian, Jan. 17, 1974, p. 17; "Sweden Still Has Its Industrial Problems" Guardian, Dec. 2, 1974, p. 14.

days when there are football matches, this figure rises to 30,000."¹⁸

But even if absenteeism were not rising, the problem would still be of greater concern to contemporary managers because production is now more integrated. A hold-up in one section of a plant can result in large numbers of other workers being made idle. Because the costs of absenteeism have risen, the need for a more committed work force has become more pressing in many industries.

The costs of labour turnover have also played a role in persuading managers that a high level of employee commitment is desirable. The low unemployment of the post-war period - at least until recently - has made it easier for workers to leave unsatisfying jobs.¹⁹ Their ability and willingness to do so has had a double effect. First, it has reduced the effectiveness of management's traditional methods of control. Now the worker who is threatened with disciplinary action can simply quit. Second, it has raised the costs of personnel administration. "Employees who don't remain longer than six months", according to Robert N. Ford of A.T. and T., "are clearly expensive since they are not with the business long enough to return the costs of employment and training." Such costs

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18. Peter Wilsher, "Fiat: Where They Hope £50 Million Will Buy Happy Workers" Sunday Times, July 8, 1973, p. 63. See also: Francesco Novara, "Job Enrichment in the Olivetti Company" International Labour Review Vol. 108, No. 4 (Oct., 1973) pp. 283-294.
19. On this point see: Judson Gooding: "Blue Collar Blues on the Assembly Line" op. cit. Gooding notes that some U.S. auto manufacturers have experienced turnover rates as high as 25% per year. Ibid., p. 70; See also: Edmund Faltermayer, "Who Will Do The Dirty Work Tomorrow?" Fortune, Vol. LXXXIX, No. 2 (Feb. 1974) pp. 128-136; J.K. Galbraith, The New Industrial State, op. cit., pp. 136-145.
20. Robert N. Ford, Motivation Through the Work Itself, op. cit., p. 13. Ford notes that high labour turnover was the key factor persuading A.T. and T. to set up a job enrichment programme. See also the extensive review of experiments on job enrichment and participation in: David Jenkins, Job Power, op. cit., In most instances cited by Jenkins, high labour turnover played a major role in influencing managers to try out these ideas. According to a Swedish report similar pressures have forced Swedish companies to embark upon the same kinds of schemes. Bjork cites one example of a company which lost over £2000 every time an employee had to be replaced. See Lars E. Bjork, "An Experiment in Work Satisfaction." op. cit., pp. 17, 18.

may become so great that they outweigh the benefits gained from conventional methods of organizing work.

Changes in social values are also forcing managers to seek new techniques of control.²¹ People are less willing to accept the directives of traditional authorities without question. Instead, they want to know why they are expected or required to do this or that. Deference has been supplanted by the demand to be treated as equals. Moreover, the aspirations of working people have risen dramatically. Increasingly, they feel they have a right to a say in the decisions which affect their lives. And, they are no longer willing to put up with many constraints which their parents accepted without question.

The rise in the level of education among working people has also been a factor contributing to changing attitudes towards work. "As people acquire more education", according to the management theorist, Rensis Likert, "their expectations rise as to the amount of responsibility, authority and income they will receive."²² Moreover, recent trends towards a more participatory approach in education are thought to be having an important effect on the outlook of younger workers. In the

21. This idea is particularly fashionable among management theorists advocating job enlargement, enrichment, participation and similar schemes. See, for example: Chris Argyris, Personality and Organization, op. cit., Douglas McGregor, The Human Side of Management, op. cit., pp. 22-32; Rensis Likert, New Patterns of Management, op. cit., pp. 1-4 and passim; Peter Drucker, "The Romantic Generation" in The New Markets (London, 1971) (essay orig. pub. 1966); William Foote Whyte, Money and Motivation, op. cit.; James O'Toole Work in America, op. cit.; Richard E. Walton, "Alienation and Innovation in the Workplace" in James O'Toole (ed.) Work and the Quality of Life, op. cit., pp. 229, 230; Judson Gooding "Blue Collar Blues on the Assembly Line" op. cit. Of course, this argument has not been confined to the ranks of business theorists. Critics of business have argued that changing social values will eventually force a major shift in industrial authority. See, for example: David Jenkins, Job Power, op. cit.; Alan Fox, Man Mismanagement, op. cit.; And, Jack Rasmus, Job Control; Not Job Enrichment, op. cit.

22. Rensis Likert, New Patterns of Management, op. cit. p. 2. This argument is most widely accepted in the U.S. where the number of years of schooling has risen substantially since the Second World War. See, James O'Toole, Work in America, op. cit., pp. 134-152; Paul O. Gladdis, "Winning Over Indifferent Youth" Harvard Business Review, Vol. 47, No. 4 (July-Aug. 1969) pp. 154-158; Roger Harrison, "Understanding Your Organization's Character" Harvard Business Review, (May-June 1972) Vol. 50, No. 3, p. 119.

light of such changes, progressive managers now believe that the traditional pattern of authority within the factory will have to be modified if their co-operation is to be secured.²³

These shifts in social values have been reinforced by economic changes which have given working people the ability to resist management demands more effectively. The post-war period has witnessed a notable rise in the standard of living. Security of employment has increased as a result of trade union activity and the full employment policies followed by government in the West.²⁴ The greater provision of social services and unemployment benefits has also tended to reduce the fear of redundancy.

Under these new conditions, the employees who dislikes his job or his employer has a wider range of options open to him. Economic security gives him the confidence to make additional demands upon his employer and to take action to support these demands. If he is still unsatisfied he is frequently able to change jobs without incurring hardships. These economic changes make it less fruitful for management to deal with challenges to its authority by applying sanctions.²⁵ As Peter Drucker

23. Rensis Likert, New Patterns of Management, op. cit., p. 2; David W. Ewing, "Who Wants Corporate Democracy?" Harvard Business Review, Vol. 49, No. 5 (Sept. - Oct., 1971) pp. 12-28, 146-149.

24. On this issue, see the discussion by Alan Fox in: Man Mismanagement, op. cit., pp. 28-45. Of course, the new economic security of working people has been noted by many other researchers. And, in some cases, it has been inflated out of all proportion. Liberal management theorists, in particular, are prone to describing the change in terms which suggest that economic necessity is no longer a major source of motivation. See, for example: Douglas McGregor, The Human Side of Enterprise (New York, 1960); Peter Drucker, The Practice of Management, op. cit.; Frederick Herzberg, Bernard Mausner, and Barbara Bloch Snyderman, The Motivation to Work (New York, 1959); W.E.J. McCarthy and N.D. Ellis, Management by Agreement, op. cit.; W.W. Daniel and Neil McIntosh, The Right to Manage? (London, 1972).

25. J.K. Galbraith, The New Industrial State, op. cit., pp. 136-145; W.W. Daniel and Neil McIntosh, The Right to Manage? op. cit., p. 58; Alan Fox, Man Mismanagement, op. cit., Ch. 2. This problem is particularly important in countries such as Sweden which has only 2% unemployment. See: David Jenkins, Job Power, op. cit., pp. 246-281; Lars . Bjork, "An Experiment in Work Satisfaction" op. cit.; Roger Harrison, "Understanding Your Organization's Character" Harvard Business Review, Vol. 50, No. 3. (May-June, 1972) p. 119.

notes, in a comment echoed by many other management theorists:

(F)ear, the traditional motivation of the industrial worker, has largely disappeared in the modern West. To eliminate it has been the main result of the increased wealth produced by industrialization. In a society rich enough to provide subsistence even to the unemployed, fear has lost its motivating power. And to deprive management of the weapon of fear has also been the main aim of trade unionism; indeed, the worker's rebellion against this weapon and its use is among the main driving forces behind the union movement.²⁶

Although Drucker over-states his case - large numbers of unorganized workers still have good reason to be afraid of their employer - he does underline the fact that the 'stick' has become less effective. Indeed, there is a notable consensus among contemporary management theorists that the use of force is to be avoided. According to Rensis Likert, "The highest producing managers feel, generally, that this manner of functioning does not produce the best results, that the resentment created by direct exercise of authority tends to limit its effectiveness."²⁷ Similarly, Douglas McGregor argues that "(e)xclusive reliance upon authority encourages counter-measures, minimal performance, even open rebellion."²⁸ And Chris Argyris notes that "directive", "autocratic" or "pressure oriented" leadership heightens the individual's sense of dependency, frustration and impotence. And, not unimportantly, it leads to poorer performance.²⁹ Thus coercion has important limitations which

26. Peter Drucker, The Practice of Management, op. cit., p. 319. See also: Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 21-26; Frederick Herzberg, "One More Time: How Do You Motivate Employees?" op. cit., pp. 53-56.

27. Rensis Likert, New Patterns of Management, op. cit., p. 100.

28. Douglas McGregor, The Human Side of Enterprise, op. cit., p. 26.

29. Chris Argyris, Personality and Organization, op. cit., p. 216.

managers now feel they must take into account when dealing with employees.

Another factor which has given rise to management's interest in new methods for controlling the labour force is a belief that worker discontent is rising.³⁰ Although there is a good deal of controversy about how much dissatisfaction with work has increased, there is no doubt that in some industries the rise has been dramatic as evidenced by increasing numbers of strikes, higher labour turnover, more absenteeism and poorer quality work.³¹ This discontent may be a result of a deterioration in the terms of conditions of employment in certain industries as Jack Rasmus argues.³² Or it may be a consequence of expectations rising faster than improvements in working conditions and pay, as Paul Blumberg suggests.³³ But in either case the fact is that growing numbers of workers are demanding more from their jobs.

Not surprisingly, the question of employee dissatisfaction has

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30. Not surprisingly, this issue has split liberal management theorists from their conservative counterparts. The former wish to emphasize the rise in discontent to show the need for their new theories. The latter prefer to believe that the recent concern over discontent is simply a fad and that there is nothing basically wrong with the present system. See, for example: George Strauss, "Workers: Attitudes and Adjustments" in Jerome A. Rostow (ed.), The Worker and the Job (Englewood Cliffs, N.J., 1974) pp. 74-82, 96; George Strauss "Is There a Blue Collar Revolt Against Work?" in James O'Toole (ed.) Work and the Quality of Life esp. pp. 42, 43; Iver Berg, "The End of the Protestant Work Ethic and All That" in James O'Toole (ed.) Work and the Quality of Life, op. cit., pp. 32-38.
31. On this point see: Robert N. Ford, Motivation Through the Work Itself, op. cit.; Wickham Skinner, "The Anachronistic Factory" Harvard Business Review, Vol. 49, No. 1 (Jan. - Feb. 1971) pp. 61-70. For a dissenting view, see: Peter Henle, "Economic Effects" in Jerome M. Rostow (ed.) The Worker and the Job, op. cit., esp. p. 23.
32. Jack Rasmus, "Workers' Control and the Nixon Economic Programme" in: Gerry Hunnius, G. David Garson and John Case, Workers' Control, (New York, 1973); Jack Rasmus, "Job Control: Not Job Enrichment" op. cit., A recent Fortune article on health and safety at work in the U.S. revealed startling figures about the increases in industrial accidents, fatalities and occupational diseases during the period from 1960 to 1970. See: Dan Corditz, "Safety on the Job Becomes a Major Job For Management" Fortune, Vol. LXXXVI, No. 5 (Nov., 1972) p. 112.
33. Paul Blumberg, Industrial Democracy: The Sociology of Participation (London, 1968) introduction. See, as well, the U.S. Task Force on Work which accepted the above argument: James O'Toole (ed.), Work in America, op. cit.

received considerable attention in management journals during the past ten years.³⁴ For example, a widely discussed Fortune article by Judson Gooding entitled "Blue Collar Blues on the Assembly Line" raised the spectre of an increasingly hostile and disruptive work force: "What the managers...hear is a rumbling of deep discontent and, particularly from younger production workers, hostility to and suspicion of management..." And he went on to note that "Talks with dozens of workers produced few words of praise for management."³⁵

Richard E. Walton, writing in the Harvard Business Review, articulated the apprehensions of many other managers when he asserted that "The current alienation is not merely a phase which will pass in due time."³⁶ With rising aspirations and greater economic security, discontent with work, he went on to argue, was becoming the central management problem of the future. For this reason, writers such as Gooding, Walting, McGregor, Herzberg, Likert, Drucker, and Argyris contend that top executives must begin to devise effective counter-measures, before the problem becomes uncontrollable.³⁷

34. See, for example: Edmund Faltermayer, "Who Will Do The Dirty Work Tomorrow?" Fortune, Feb. 1974; Douglas S. Sherwin, "Strategy for Winning Employee Commitment" Harvard Business Review, (May-June, 1972); William J. Roche and Neil L. MacKinnon, "Winning People with Meaningful Work" Harvard Business Review, (May-June, 1970); Alfred Vogel, "Your Clerical Workers Are Ripe for Unionism" Harvard Business Review, Vol. 49, No. 2 (March-April, 1971); David Sirota, "Productivity Management" Harvard Business Review, Vol. 44, No. 5, (Sept.-Oct., 1966).

35. Judson Gooding, "Blue Collar Blues on the Assembly Line" op. cit., p. 116.

36. Richard E. Walton "How to Counter Alienation in the Plant" Harvard Business Review, Vol. 50, No. 6. (Nov.-Dec., 1972) Reprinted in James O'Toole (ed.) Work and the Quality of Life (Cambridge, Mass., 1974) p. 227.

37. Judson Gooding, "It Pays to Wake Up the Blue Collar Worker" Fortune, op. cit.; Richard E. Walton, "How to Counter Alienation in the Plant", op. cit.; Douglas McGregor, The Human Side of Enterprise, op. cit.; Rensis Likert, New Patterns of Management, op. cit.; Peter Drucker, The Practice of Management, op. cit.; Chris Argyris, Personality and Organization, op. cit.; Edmund Faltermayer, "Who Will Do The Dirty Work Tomorrow?" op. cit.; William Skinner, "The Anachronistic Factory", op. cit., pp. 61-70. See also The U.S. Task Force on Work. James O'Toole (ed.) Work in America, op. cit.

Management's concern over worker discontent is heightened by the fear that this unrest may be channelled into trade union activities. Those who preside over non-unionized firms are worried that discontent will open the door to union organisers.³⁸ Others are apprehensive about their white-collar personnel.³⁹ A recent survey among middle managers in the U.S. revealed that over one-third would now be willing to join a trade union.⁴⁰ Although such findings may not appear startling in Great Britain where a substantial number of white collar workers are organized, in the U.S. they are viewed with apprehension by the executives who see unionization as a sign of management failure. In unionized industries managers are also worried. They fear that discontent may result in further trade union encroachments on the exercise of their prerogatives.⁴¹ Hence evidence that workers are becoming more frustrated with their jobs is cause for alarm.

Contemporary managers are also worried about the rising costs of industrial disputes. As we noted earlier, because industry is now more integrated, interruptions in production are becoming disproportionately costly for firms. This is particularly significant, according to Richard Hyman, because strikes impede the ability of companies to engage

38. See, for example: Debora De Witt Malley, "How the Union Beat Willie Farah," Fortune, August, 1974.

39. Alfred Vogel, "Your Clerical Workers are Ripe for Unionism" Harvard Business Review, Vol. 49, No. 1 (March-April, 1971) pp. 48-54. For more critical assessments see: Lorin Baritz, The Servants of Power, op. cit., George Sayers Bain, The Growth of White Collar Trade Unionism (Oxford, 1970); Clive Jenkins and J.E. Mortimer, The Kind of Laws the Unions Ought to Want (London, 1968).

40. James O'Toole, Work in America, op. cit., p. 40.

41. "How to Tell When the Union Will be Tough" Fortune, Vol. XCII, No. 1 (July, 1975). See, as well, the excellent critique by Lorin Baritz in The Servants of Power, op. cit. esp. the final chapter; and William Serrin, The Company and the Union, op. cit.

in long range planning:

While strikes have always represented a problem for those in control of industrial enterprises, the seriousness of this problem is increasing. But the recent rise in the number and duration of stoppages is only marginally responsible for this. Far more important are contemporary trends in the very nature of industrial organization and production. The development of large scale multi-national companies; the integration of diverse productive activities; the decreasing life-span of capital equipment which is itself escalating in complexity and cost; all these create a need for long term centralized planning within modern corporations. And effective planning requires company control over all factors which might otherwise interfere with manufacturing and marketing programmes.⁴²

A co-operative work-force is thus an important asset for the modern corporation, particularly in industries where high capital investments and rapid technological change make any disruption in production exceedingly costly.

However, it is not only changes within the labour force that are pushing managers towards the adoption of new strategies. Competitive pressures are also forcing them to re-assess their labour policies. Throughout the world companies are engaged in international competition of unprecedented dimensions. Markets in the U.K. and U.S. which seemed secure ten years ago are now besieged by Japanese, German and East European goods. With rising commodity, high inflation and numerous other economic difficulties, companies are hard pressed to meet their traditional profit margins. This means that the costs of production, and particularly the costs of labour, must be reduced.⁴³ Indeed, labour costs are frequently one of the few areas where significant economies can be realised. As Jerome Rostow, an E.X.X.O.N. executive and economic

42. Richard Hyman, Strikes (London, 1972) p. 161.

43. On this issue see: Richard E. Walton "Alienation and Innovation in the Workplace" op. cit., p. 228; Jack Rasmus, "Workers Control and the Nixon Economic Programme" op. cit., esp. pp. 401-403; Gilbert Burck, "The Hazards of Corporate Responsibility" Fortune, Vol. LXXXVIII, No. 6. (June, 1973) p. 115; John B. Rhodes, "'The American Challenge' Challenged" Harvard Business Review, Sept.-Oct. Vol. 47, No. 5 (Sept.-Oct., 1969) pp. 45-57.

advisor to several U.S. presidents, recently commented:

The energy crisis has created a new urgency for change at the work place. Today the human side of the enterprise looms as a critical factor in the accommodation of industry to a period of scarcity. Shortages of energy, of materials, and of equipment are evident...

At this time of rising unit labour costs, general inflationary pressures and the need to remain competitive, companies must turn to their workers to achieve the adjustment effectively.⁴⁴

Yet the factors which have given rise to management's search for new techniques to control the workforce have not been exclusively negative. Under the influence of contemporary social science, managers have come to feel that there is a vast reservoir of untapped resources within the labour force.⁴⁵ By treating workers simply as hands, business has failed to utilize their intelligence, skills and initiative to the full. However, under the right conditions, managers believe that the latent human resources of business enterprises can be transformed into valuable productive assets. It is thought that the worker who is committed to company objectives will volunteer suggestions about how to improve production methods. He will devise innovations to reduce labour costs and will see that impediments to production are dealt with rapidly and effectively.⁴⁶ The conscientious worker will also produce higher quality work and there will be more of it. These potential benefits have been

44. Jerome M. Rostow, The Worker and the Job, op. cit., p. ix.

45. Peter Drucker, The Practice of Management, op. cit., pp. 318, 319. See also: Judson Gooding, "It Pays to Wake up the Blue Collar Worker" op. cit., pp. 133, 135, 158, 162, 167, 168.

46. Judson Gooding, "It Pays to Wake Up The Blue Collar Worker" op. cit., p. 162. Gooding provides a number of examples of innovations made by workers which saved their employers large sums of money. See also: George P. Shultz, "Worker Participation on Production Problems" in: Frederick G. Lesieur, The Scanlon Plan (New York, 1958) pp. 50-60; Douglas McGregor, The Human Side of Enterprise, op. cit.

outlined concisely by the United States Government's recent task force on work:

The evidence suggests that meeting the higher needs of workers can, perhaps, increase productivity from 5% to 40%, the latter figure including the "latent" productivity of workers that is currently unused. Indeed, the potential gains in productivity are so impressive, it is very likely that the redesign of jobs must be accompanied by an equivalent effort to create jobs...⁴⁷

Thus we see that management's recent interest in job enrichment, participation and similar plans has not been the result of a sudden conversion to the principles of industrial democracy. Nor has it derived from the recognition of the deleterious effects of Taylorism on the lives of workers - although there is no reason to doubt the 'humanitarian' motives of some managers. Rather, it stems from new economic and social forces which are making the traditional methods of social control less effective. The rising discontent of workers, when combined with their increasing ability - and willingness - to challenge management priorities, is becoming a serious impediment to production and profits. Under these new conditions managers must find ways of evoking the commitment of workers to the goals of business. They must learn to use their power more judiciously to avoid alienating the very people upon whom their plans for lower costs and higher profits are to depend. And, most importantly, they must find new management techniques which will enable them to manipulate employee attitudes and values so that elusive goal - normative integration - can finally be achieved.

II

Because control over men's minds is now central to effective management, businessmen have turned increasingly to social scientists

47. James O'Toole (ed.) Work in America, op. cit., p. 27.

to provide them with the appropriate tools of manipulation. On their part, social scientists have shown little hesitation in putting their knowledge to use in the service of management. Some, undoubtedly, have felt that they were merely attempting to provide 'solutions' to the problems of industry - solutions of benefit to managers and workers alike. But naiveté has been only one factor. Most, as Lorin Baritz notes, have simply assumed a managerial view of industry. ✓

Clearly...industrial social scientists have not been forced to accept the assumptions, biases and frames of reference of America's industrial elite. These specialists...freely shared the assumptions of this elite. Most managers have had no trouble in getting social scientists to grant managerial premises because such premises have also been assumed by the social scientists.⁴⁸

This integration of psychology and sociology with contemporary management theory has proceeded to the point where the major academic work of many social scientists is now exclusively in the field of management theory. Argyris, Likert, McGregor, Herzberg and many others have become known as psychologists and sociologists through their contributions to management thought. Their close association with business has not been viewed as a threat to their scientific integrity. In fact, the opposite has occurred: their industrial research has been incorporated into the mainstream of post-war social science.

Recent findings of psychologists and sociologists have certainly been encouraging to managers, for they have discovered that under certain conditions a reduction in the use of directive controls can evoke a greater degree of worker commitment. If management offers the employee an opportunity to participate in decision-making and delegates more responsibility he will respond by using his increased discretion to pursue management objectives. Of course, there is a good deal of controversy among social

48. Lorin Baritz, The Servants of Power, op. cit., pp. 204, 205.

scientists about the most appropriate techniques for achieving this objective. Nevertheless, there is an underlying consensus that giving workers more control over their immediate tasks will precipitate more positive attitudes towards work.

One of the most influential of the recent generation of management-oriented social scientists has been Rensis Likert. As director of the prestigious Michigan Institute for Social Research, he has been involved in a number of projects designed to uncover the social and psychological factors affecting productivity. One of the most well-known of his projects has been a study of the effects of leadership styles on work groups. Likert compared supervisory techniques in different companies to see if successful supervisors behaved differently from unsuccessful ones.⁴⁹ He found that those who delegated responsibility to subordinates, eschewed close supervision and behaved in a supportive rather than directive manner, fostered higher output, lower labour turnover, less absenteeism, greater worker satisfaction and better morale.

The data show the great importance of the quality of leadership. For every criterion, such as productivity, absence, attitudes and promotability...the same basic patterns of supervision yielded the best results. Supervision and the general style of leadership throughout the organization are usually much more important in influencing results than such general factors as attitudes towards the company and interest in the job itself.⁵⁰

To motivate employees, Likert concluded, managers must be prepared to discard the traditional, authoritarian approach to management and adopt a supervisory style which provides subordinates with opportunities for self-expression and autonomy.⁵¹

49. Rensis Likert, New Patterns of Management, op. cit., pp. 17-19.

50. Ibid., p. 25. See also: Rensis Likert, The Human Organization (New York, 1967).

51. Rensis Likert, New Patterns of Management, op. cit., esp. Ch. 6.

Following the earlier human relations theorists, Likert also investigated the effects of work group membership on output. He found that cohesive work groups were more productive than loosely knit ones.⁵² This was true even when the individuals in loosely knit groups were strongly committed to management goals.⁵³ Likert put forward a number of reasons for this finding. In cohesive groups there was more co-operation and mutual aid. Social solidarity tended to reduce personal stress because individuals could turn to the group for support. As a consequence absenteeism and sickness were also reduced. And, finally, because cohesive work groups were frequently the result of the leadership abilities of the more gifted supervisors, they tended to identify with management objectives.⁵⁴

From these findings, Likert concluded that supervision which fostered strong work groups would lead, in most instances, to a substantial increase in productivity.

Research in organizations is yielding increasing evidence that the supervisor's skill in supervising his subordinates as a group is an important variable affecting his success: the greater his skill in using group methods of supervision, the greater are the productivity and job satisfactions of his subordinates.⁵⁵

An important aspect of Likert's approach is the discussion group. Supervisors should encourage employees to talk about the problems they face at work and to help one another in searching for solutions. Management should emphasize co-operation rather than competition. It can do this, Likert argues, by reorganizing work to facilitate social

52. Ibid., Ch. 3, 4 and 8.

53. Likert acknowledged that a cohesive work group opposed to management aims could be exceedingly effective in sabotaging management goals. However, his findings indicated that cohesive work groups tended to be committed to company objectives.

54. Ibid., Ch. 3, 4 and 8.

55. Ibid., p. 26.

interaction and by delegating responsibility to groups for particular tasks.⁵⁶ These techniques will enable management to foster greater worker participation, involvement and, ultimately, identification with business objectives.

Likert has also been engaged in an ambitious project to evaluate the human assets of business organizations. Managers have long realized that it is possible to make short-run gains in output by "pushing" subordinates excessively. Yet in the long run such practices destroy the goodwill of employees, raise labour turnover and undermine performance. Because most firms now rotate managers every two or three years, it is possible for a manager who 'drives' his workers unrelentingly to raise productivity, create a good name for himself and be transferred before the effects of his bad labour policies become apparent. As a consequence, Likert has been concerned to find ways of placing a cash value on employee goodwill and work group morale so that management can assess the costs of different methods of managing the labour force more accurately.⁵⁷

While Likert and his research team at the Michigan Institute for Social Research have been concerned with improving supervision, learning to use group techniques and devising a system of 'human asset accounting', other social scientists have followed different lines of research. The psychologist, Chris Argyris, has focused attention on the relationship between the needs of workers and the demands of business. Drawing on psychological theory, Argyris postulates that the healthy human being has a natural tendency towards self-actualization.⁵⁸ However, business enterprises are founded upon the principles of hierarchy, division of labour, task specialization and bureaucratic rationality. This means

56. Ibid., pp. 38-43 and passim.

57. Ibid., Ch. 13. See also: Rensis Likert, The Human Organization, op. cit. Ch. 9.

58. Chris Argyris, Personality and Organization (New York, 1958) pp. 50, 51.

that the jobs assigned to most workers severely limit their ability to express themselves in their work. In the words of Argyris, business organizations "...make demands of relatively healthy individuals that are incongruent with their needs."⁵⁹

Workers respond to these demands in a number of ways, according to Argyris. They may strive to be promoted or transferred. Or they may simply quit. They may 'adjust' by regressing or by adopting a passive orientation to work. Or, they may choose to pursue their personal needs at the expense of organizational goals. Psychologically healthy individuals, Argyris warns managers, are most likely to follow this last course of action.⁶⁰

Once the employee's reaction becomes visible to management, it adopts counter-measures. Supervision is tightened. The work role is more narrowly defined.⁶¹ Hence the employee's personality is put under greater strain. The application of sanctions to force compliance leads to a further deterioration in the relationship between management and the worker. "As a result of the pressure, tension and general mistrust of management controls", Argyris notes, "employees tend to unite against management."⁶²

The solution to the problem, Argyris cautions managers, is not to tighten management controls. Rather, it is to modify the organizational demands made upon the worker. "The employee must be provided with more 'power' over his own work environment."⁶³ This means that "...he must

59. Ibid., p. 74. See also: Chris Argyris, Integrating the Individual and the Organization (New York, 1969); Chris Argyris, "The Organization: What makes it Healthy?" Harvard Business Review, (Nov.-Dec., 1958), pp. 107-116.

60. Chris Argyris, Personality and Organization, op. cit., pp. 78, 79 and passim.

61. Ibid., pp. 130, 131.

62. Ibid., p. 137.

63. Ibid., p.181.

be given responsibility, authority, and increased control over the decision-making that affects his immediate work..."⁶⁴ One way of fostering this change is to introduce job enrichment. But Argyris admonishes managers to make sure that the 'enriched' jobs give workers a chance to satisfy their need for self-actualization. If workers are only given a greater number of simplified tasks, no improvement will result. Another way is to replace authoritarian leadership practices with ones that are "integrative", "employee centred" or "democratic."⁶⁵ Argyris recognizes that less directive leadership does not always lead to higher output because workers sometimes choose to exercise their increased discretion to pursue other aims. But he emphasizes that these new methods have had a high rate of success. And he points out that the growing dissatisfaction of workers under conventional management practices necessitates a new approach to man management.⁶⁶

Another well-known management theorist, Frederick Herzberg, also looks to social science for the answer to management's labour problems. Herzberg has been particularly concerned with the relationship between job satisfaction and productivity. A survey of over two thousand articles and books on this issue led him to the following conclusions. First, the factors which lead to high levels of job satisfaction are associated with the actual task workers perform. Second, the factors which give rise to dissatisfaction are not associated with the task performed, but rather with the economic and social conditions surrounding it. And, finally, the factors which influence job satisfaction are not

64. Ibid., p. 181.

65. Ibid., pp. 182-191.

66. Ibid., pp. 192-208.

related to those which affect dissatisfaction.⁶⁷ "The opposite of job satisfaction", he concluded, "was no job satisfaction." And, "the opposite of job dissatisfaction was no job dissatisfaction."⁶⁸

When our respondents reported feeling happy with their jobs, they most frequently described factors related to their tasks, to events that indicated to them that they were successful in the performance of their work, and to the possibility of professional growth. Conversely, when feelings of unhappiness were reported, they were not associated with the job itself but with the conditions that surrounded the doing of the job. These events suggest to the individual that the context in which he performs his work is unfair or disorganized and as such represents to him an unhealthy psychological work environment.⁶⁹

What makes Herzberg's research valuable for contemporary managers is the fact that job satisfaction has been found to be connected with high productivity. Conversely, dissatisfaction has been found to be related - although to a lesser extent - with low productivity.⁷⁰ Herzberg has also found that high levels of job satisfaction are associated with

67. Frederick Herzberg, Bernard Mausner et al. Job Attitudes: Review of Research and Opinion (Pittsburg, 1957); Frederick Herzberg, Bernard Mausner and Barbara Snyderman, The Motivation to Work (New York, 1959) pp. 110-113; Frederick Herzberg, "One More Time: How Do You Motivate Employees?" Harvard Business Review, Vol. 46, No. 1, (Jan. - Feb., 1968) pp. 53-62; William J. Paul Jr., Keith B. Robertson and Frederick Herzberg, "Job Enrichment Pays Off" Harvard Business Review, Vol. 47, No. 2 (March-April 1969) pp. 61-78; Frederick Herzberg, "New Approaches in Management Organization and Job Design" in: Maneck S. Wadia (ed.) Management and the Behavioural Sciences (Boston, 1968).

68. Frederick Herzberg, The Motivation to Work, op. cit., p. 76.

69. Frederick Herzberg et al., The Motivation to Work, op. cit., p. 113. See also the earlier study: Frederick Herzberg et. al., Job Attitudes: Review of Research and Opinions. Herzberg and his associates came to their conclusion about the difference between motivating factors and hygiene factors in the earlier study. But another review of the same period by Grayfield and Crockett concluded that there was no relationship. Hence Herzberg set up his own experiments to verify his findings. These, he claims, provided strong support for his position. See: A.H. Grayfield and W.H. Crockett, "Employee Attitudes and Employee Performance" Psychological Bulletin (52) No. 5, 1955, pp. 396-424.

70. Frederick Herzberg et al., The Motivation to Work, op. cit., pp. 76-78.

less absenteeism, labour turnover and industrial conflict. Moreover, employees who are satisfied with their jobs tend to be more favourably disposed towards their employer.⁷¹

How, then, can management increase job satisfaction and output? Herzberg's analysis of the factors leading to job satisfaction and dissatisfaction provides the clue. To raise satisfaction the tasks themselves must be made more interesting; they must be "enriched".

Man tends to actualize himself in every area of life, and his job is one of the most important areas. The conditions that surround the doing of the job cannot give him that basic satisfaction; they do not have the potentiality. It is only from the performance of a task that the individual can get rewards that will reinforce his aspirations.⁷²

Job enrichment, according to Herzberg, means giving workers more responsibility, discretion and challenge in their work. Like Argyris, he warns managers that simply providing workers with a greater variety of repetitive tasks will not do because such tasks do not affect the factors which motivate individuals.⁷³ The image Herzberg wants to convey of job enrichment, in contrast to job rotation and job enlargement is that of the "vertical" expansion of jobs, rather than a "horizontal" expansion of similar tasks.⁷⁴

Because higher pay, better working conditions and other fringe benefits are not directly associated with the task workers perform,

71. Ibid., pp. 86, 87.

72. Ibid., p. 114.

73. Ibid., pp. 132, 133. See also: Frederick Herzberg, "One More Time: How Do You Motivate Employees?" op. cit., p. 59; Frederick Herzberg, Work and the Nature of Man, op. cit., p. 177.

74. Frederick Herzberg, "One More Time: How Do You Motivate Employees?" op. cit., p. 59. On this point Herzberg is anxious to distinguish his views from earlier work on job enlargement outlined by writers such as C.R. Walker and Robert H. Guest in: The Man on the Assembly Line (Cambridge, Mass., 1952) esp. the concluding chapter.

improvements in these areas will not lead to increased worker motivation.⁷⁵ This also explains why so many schemes involving financial incentives are unsuccessful. And it points to the basic flow in human relations according to Herzberg. For supervision affects the conditions associated with the job, and not the work itself.⁷⁶

Unlike Argyris and Likert, Herzberg is sceptical about the benefits of employee participation in organizational decision-making. Experiments demonstrating the connection between participation and the development of more positive attitudes towards work are misleading, he feels, because the effects they document are short term. Workers may show greater interest in their work during the period of change. But it is the job they ultimately perform that provides the basis for sustained motivation.⁷⁷ Thus Herzberg advises management to focus its energies on designing the right type of job and not to worry about involving workers in the process.

Another psychologist, Douglas McGregor, has adapted Maslow's "hierarchy of needs" theory to industry. This theory assumes that there are various levels of needs which influence motivation. Food, shelter and the other biological requirements of life are the most basic needs. When these are not satisfied, they become the dominant

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75. Frederick Herzberg et al. The Motivation to Work, op. cit., p. 116; Frederick Herzberg, "One More Time: How Do You Motivate Employees?" op. cit., p. 59. Herzberg does qualify this argument by suggesting that where increases in wages or salaries are interpreted by the employee as recognition for his service to the firm, they may act as a positive motivator. However, he emphasizes that the motivating factor here is recognition and not the money itself. Ibid., p. 116.
76. Frederick Herzberg, "New Approaches in Management Organization and Job Design" op. cit., p. 297.
77. Frederick Herzberg, "One More Time: How Do You Motivate Employees?" op. cit., pp. 60-62.

motivators of behaviour.⁷⁸ However, once met, another level of needs comes into play: the safety needs. These are associated with "protection from danger, threat, deprivation."⁷⁹ When these have been met, the social needs emerge. These include friendship, love, and a sense of belonging to a social group. And, finally, at the top of the hierarchy are the ego needs. These are of two types: the desire for self-esteem and the need for recognition by others.⁸⁰

In contemporary Western society, with its high standard of living, low unemployment, and ample social security benefits, man's lower level needs are largely satisfied, according to McGregor. This means that businesses are less able to motivate people by offering them rewards aimed at these needs. Thus the traditional motivators, fear and monetary incentives, must be replaced by ones which appeal to social and ego needs. Management must design jobs which provide opportunities for self-development, achievement and social recognition if it is to harness the higher level needs of employees in pursuit of business objectives.⁸¹

McGregor's views are summarized in his well-known Theory X - Theory Y paradigm. Theory X represents the traditional, directive, authoritarian approach to management.⁸² This approach rests on what

78. Douglas McGregor, The Human Side of Enterprise, op. cit., p. 36. See also: Abraham Maslow, Motivation and Personality (New York, 1954).

79. Douglas McGregor, The Human Side of Enterprise, op. cit., p. 37. See also: Douglas McGregor, Leadership and Motivation, (Cambridge, Mass., 1966).

80. Ibid., p. 37.

81. Ibid., Ch. 4 and 5. See also: Douglas McGregor, "The Manager, Human Nature and Human Science" in: Douglas McGregor, Leadership and Motivation, op. cit., p. 214; Douglas McGregor, "The Scanlon Plan Through a Psychologist's Eyes" in F.G. Lesieur (ed.) The Scanlon Plan: A Frontier in Labour-Management Co-operation (New York, 1958) pp. 89-108. McGregor explicitly attacks Scientific Management in his critique of older theories of motivation.

82. Douglas McGregor, The Human Side of Enterprise, op. cit., Ch. 3.

he considers to be three discredited assumptions. First, "The average human being has an intense dislike of work." Second, "...most people must be coerced, controlled, directed, (or) threatened with punishment to get them to put forward adequate effort towards the achievement of organizational objectives." And, finally, "The average person prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all."⁸³

In contrast, Theory Y, is based upon contemporary social science research on motivation. It indicates, according to McGregor, that "The expenditure of physical and mental effort in work is as natural as play or rest."⁸⁴ Human beings prefer to take responsibility for their actions rather than to be directed as had been assumed by Taylor and his followers. And, finally, the capabilities of most workers are far greater than assumed by traditional managers. Hence the human resources of business enterprises are not being properly utilized under conventional systems of management.⁸⁵

This radically different view of human nature has major implications for contemporary management practice. "The control principle which derives from Theory Y, according to McGregor, is that of integration: the creation of conditions such that the members of the organization can achieve their own goals best by directing their efforts towards the success

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83. Ibid., pp. 33, 34. See also an earlier essay with the same title; Douglas McGregor, "The Human Side of Enterprise" in Leadership and Motivation, op. cit., p. 5. (orig. pub. in Adventures in Thought and Action: Proceedings of the Fifth Anniversary Convocation of the School of Industrial Management, M.I.T., 1957).
84. Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 47, 48 and Ch. 4. See also: Douglas McGregor, "The Manager, Human Nature and the Social Sciences" op. cit., p. 212.
85. Ibid., Ch. 4. McGregor's Theory X - Theory Y paradigm has also influenced British management thought in recent years. See, for example: Alan Flanders, "The Internal Social Responsibilities of Industry" (1966) published in: Alan Flanders, The Theory and Reform of Industrial Relations (London, 1970), pp. 150-152.

of the enterprise."⁸⁶ To do this, managers must reorganize work to enable people to satisfy their higher level needs within the organization.

Perfect integration of organizational requirements and individual needs is, of course, not a realistic objective. In adopting this principle, we seek that degree of integration in which the individual can achieve his goals best by directing his efforts towards the success of the organization. 'Best' means that this alternative will be more attractive than the many others available to him: indifference, irresponsibility, minimal compliance, hostility, sabotage. It means that he will be continuously encouraged to develop and utilize his capacities, his knowledge, his skill, his ingenuity in ways which contribute to the success of the enterprise.⁸⁷

This extension of responsibility must not be given in a laissez-faire manner, McGregor cautions managers. Rather, it must be carefully guided so that the employee comes to perceive an identity of interest between the satisfaction of his personal needs and the attainment of business objectives. In practical terms, the degree to which the employee's self-control can be allowed to replace external control will vary according to his level of commitment. Where the individual identifies strongly with the purposes of the organization, the need to control his behaviour through the techniques of Theory X will be minimal. Unfortunately, McGregor adds, where such identification is not forthcoming, close supervision will still be required.⁸⁸ Yet reliance on coercion is to be avoided wherever possible, because it cannot evoke the same high level of performance characteristic of the integrated employee.⁸⁹

One of the more effective devices for implementing the change from directive control to self-control, according to McGregor, is the

86. Douglas McGregor, The Human Side of Enterprise, op. cit., p. 41.

87. Ibid., p. 55.

88. Ibid., p. 56 and passim.

89. Ibid., pp. 52-56.

Scanlon Plan.⁹⁰ This plan has two major features: cost reduction sharing and worker participation. The former involves giving workers a percentage of any savings made by their company as a result of their ideas or suggestions. This bonus is added to the basic salary of all workers in the department affected. It operates as a group, rather than individual incentive scheme because one of its purposes is to foster co-operation. Participation is encouraged through a network of elected committees which give workers a chance to voice their ideas. Department or shop committees are empowered to implement certain types of suggestions on their own authority. Proposals affecting a larger part of the enterprise or involving substantial allocations of resources are passed on to higher level committees which evaluate them and make recommendations to management. These are normally accepted, according to McGregor, because they are generally worthwhile and because they give management an opportunity to demonstrate its commitment to the plan.⁹¹

The Scanlon Plan satisfies the higher needs of employees because it provides them with an incentive to develop and apply their own ideas. For the worker who devises a method of cutting costs not only receives a bonus along with the rest of his department; he also obtains recognition from co-workers for the contribution he has made. And, he has the satisfaction of seeing his ideas implemented. In this way, the Scanlon Plan enables the individual to satisfy both his ego needs and his desire

90. Douglas McGregor. The Human Side of Enterprise, op. cit., pp. 110-123; Douglas McGregor, "The Scanlon Plan Through a Psychologist's Eyes" in: F.G. Lesieur (ed.) The Scanlon Plan: A Frontier in Labour Management Co-operation (New York, 1958). Reprinted in Douglas McGregor, Leadership and Motivation (Cambridge, Mass., 1966), pp. 123-125. For more detailed description of the Scanlon Plan see: William F. Whyte, Money and Motivation (New York, 1955) pp. 166-188 and F.G. Lesieur, (ed.) The Scanlon Plan: A Frontier in Labour Management Co-operation, op. cit.. See also the more recent discussion by F.G. Lesieur and Elbridge S. Puckett, "The Scanlon Plan has Proved Itself" Harvard Business Review, Vol. 47, No. 5 (Sept. - Oct., 1969).

91. Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 110-116.

for social recognition.⁹²

Scanlon Plan companies have been highly successful during the past thirty years, both in terms of profitability and good labour relations.⁹³ Although only a small minority of American firms have adopted the Scanlon Plan, McGregor argues that it will soon become popular. For social science research underlines the need to provide employees with opportunities to participate in decision-making and to assume greater responsibility for their own work.

III

A major boost for the ideas of job enrichment and participation in current management thought has come from former President Nixon's Task Force on the problems of work in the United States. Commissioned at a time when American industry was facing increasing competitive pressure from Europe and Japan, the Task Force was charged with developing new approaches to resolving the problems of American industry. Drawing on the advice of sixty nine business consultants and evidence presented in thirty nine research studies which it commissioned, the Task Force came down firmly in favour of a major restructuring of jobs as the solution for the problems of American industry.⁹⁴ Its comprehensive survey of U.S. and European experiments in job enrichment concluded that companies using such techniques were more profitable than their conventional counterparts.⁹⁵ In company after company it found that the restructuring of work led to less absenteeism, lower labour turnover, higher productivity and fewer industrial disputes. These findings led the commission to challenge the

92. Ibid., pp. 111-123.

93. Ibid., pp. 119-123. See also: F.G. Lesieur and Elbridge S. Puckett, "The Scanlon Plan Has Proved Itself", op. cit.

94. James O'Toole et al., Work in America, op. cit., Ch. 4 and passim.

95. Ibid., pp. 17-20. See also the collection of research papers done for the commission in: James O'Toole (ed.), Work and the Quality of Life, op. cit.

uncritical acceptance of Taylorist principles in large sectors of American industry.

Perhaps the most interesting of the experiments which led the Task Force to recommend greater worker participation was initiated by the management of General Foods in a new pet food plant at Topeka, Kansas.⁹⁶ This factory was designed by a group of business consultants who believed in the feasibility of the ideas just outlined. It incorporates a number of radical changes from traditional management practice. Instead of assigning individual workers to specific jobs, autonomous work teams of between seven and fourteen workers are given collective responsibility for a group of related tasks. Teams are encouraged to rotate the various tasks among their members. They are also given 'support functions' such as maintenance, quality control, selecting new members and the like.⁹⁷ Repetitive tasks are divided as equally as possible among workers, while each job is designed to include some interesting or demanding activities. Another innovation is the provision of an incentive for learning new skills. Wage increases are based upon the number of jobs a worker can perform. Once he has acquired all the skills used in his own work group he is encouraged to move on to another group engaged in a different activity. Because no limit is placed on the number of employees who can qualify for bonuses, the system fosters co-operation and the sharing of information and skills.⁹⁸

96. James O'Toole (ed.) Work in America, op. cit., pp. 96, 97. See also: David Jenkins, Job Power, op. cit., pp. 225-231; Richard E. Walton, "Alienation and Innovation at the Workplace" in: James O'Toole (ed.) Work and the Quality of Life (this is a revised version of "How to Counter Alienation in the Plant" cited earlier). For a critical view of the experiment see: William Gomberg, "Job Satisfaction: Sorting Out the Nonsense" The American Federationist, June 1973, pp. 14-19.

97. Richard E. Walton, "Alienation and Innovation at the Workplace" op. cit. pp. 232, 233.

98. Ibid., pp. 233-235.

The physical lay-out of the plant was also designed with the new pattern of working in mind. According to Richard W. Walton, one of the consultants, "The architecture facilitates the congregation of team members during working hours." In some cases rooms were built larger than necessary to provide opportunities for work groups to socialize.⁹⁹ Customary distinctions between facilities for office staff and manual workers have been abolished in order to create a co-operative atmosphere in the plant. All workers, regardless of status, enter the plant through the same entrance, park their cars in the same lot, eat in the same refectory, and work in rooms decorated in a similar fashion. This absence of status differentials, according to Walton, creates a feeling of solidarity between workers and managers and thus fosters normative integration.¹⁰⁰

Rules and regulations within the plant also reflect the new management approach. Work teams are assigned responsibility for dealing with tardiness and absenteeism among their members. Similarly, they judge when their members have learned a particular skill with sufficient competence to merit a pay increase. Finally, workers are given assignments, such as purchasing equipment and supplies, normally restricted to management.¹⁰¹

The results exceeded the expectations of General Foods. Had the plant been organized according to traditional engineering principles, it would have employed 110 workers. However, because work teams were given

99. Ibid., pp. 234, 235.

100. Ibid., pp. 235, 236. Similar ideas have been introduced in other job enrichment projects. For example, Texas Instruments, in one of the first and most well-known experiments of this kind, eliminated executive dining rooms, parking places and various other visible status symbols in order to promote the idea that the company was a co-operative venture. See: David Jenkins, Job Power, op. cit., pp. 197. 198; Judson Gooding, "It Pays To Wake Up The Blue Collar Worker" op. cit., p. 158.

101. Ibid., p. 237.

responsibility for support functions, servicing equipment, purchasing and other tasks, the number was reduced to 70.¹⁰² Yet total output, according to Walton, was higher than that expected from the larger workforce. Major savings were also made because quality rejects were 92% less than in a comparable plant owned by the company.¹⁰³ Absenteeism, safety, turnover and labour relations were significantly better while overhead costs were 33% lower. As a result, the additional money spent in planning and designing the new factory was recouped within a year.¹⁰⁴

Procter and Gamble, manufacturers of soap and detergents, have incorporated a number of similar innovations in their highly automated factory at Lima, Ohio. According to Charles Krone, director of organizational development, the management philosophy underlying the planning of the factory has been one of encouraging maximum employee participation.

The plant was designed from the ground up to be democratic. The technology - the location of instruments, for example - was designed to stimulate relationships between people, to bring about autonomous group behaviour, and to allow people to affect their own environment.¹⁰⁵

A major feature of the plant is the abolition of specialized categories of jobs. Workers are encouraged to learn as many skills as possible and no one is allowed to concentrate exclusively on a single job.¹⁰⁶ Laborious or repetitive tasks are shared by all workers. Decisions about hiring

102. James O'Toole (ed.), Work in America, op. cit., p. 98.

103. Richard W. Walton, "Alienation and Innovation in the Workplace", op. cit. p. 238. These claims are disputed in a persuasive article by William Gomberg. See: "Job Satisfaction: Sorting Out the Nonsense", op. cit., pp. 15-18.

104. Ibid., pp. 238-40; James O'Toole (ed.), Work in America, op. cit., pp. 98, 99. It was also found that the workers in this new plant became much more active in community affairs. The extensive participation in decision-making at work apparently gave workers both the experience and the desire to play a more active role in civic life.

105. Charles Krone, as cited by David Jenkins, Job Power, op. cit., pp. 231, 232.

106. David Jenkins, Job Power, op. cit., pp. 231, 232.

and firing are made by the entire working community, as are a whole array of other functions such as the plant's accounting, purchasing, and payment structures. The hourly wage has been replaced by a yearly salary while earnings differentials are now established by agreement among workers.¹⁰⁷

These changes, according to the business consultants involved, have been accompanied by higher productivity, better quality and lower costs.¹⁰⁸ The explanation for the plant's excellent performance, according to David Jenkins, lies in the new social relationships among workers:

...(T)he plant's hard data are easily understandable. Even though the pay scale is considerably higher than is customary, overall costs are approximately 50 per cent of a conventional plant. Though much of that is because of the advanced technology/could not function,¹⁰⁹ properly if there were not an advanced social system.

Procter and Gamble have already extended similar personnel practices to ten per cent of their U.S. workforce and plan to make further innovations in the near future.¹¹⁰

Less ambitious schemes have been implemented by a number of other U.S. firms. The Corning Glass Company replaced its hot-plate assembly-line by a system which allowed individual employees to build entire units. Quality control and other support functions were also assigned to the assemblers. Each employee now stamps his name on the completed unit and is responsible for repairing faults that develop in it. The results have been excellent - at least from the viewpoint of the company. Absenteeism, which had been running at 8%, dropped to 1%. Rejects declined from 23% to 1%. And, not unimportantly, profits rose substantially.¹¹¹

107. Ibid., pp. 232, 233.

108. Ibid., p. 234.

109. Ibid., p. 234.

110. Ibid., p. 234.

111. James O'Toole (ed.), Work in America, op. cit., p. 100.

Texas Instruments reorganized the janitorial services at one of its plants because the outside contractor failed to do the job properly. It hired its own workers and organized them according to the autonomous work-group principle. Work groups were given collective responsibility for maintaining a certain standard of cleanliness. They were also given the training and equipment necessary to do the job. However, it was left to each work group to decide how to go about its task. The results were highly successful. The number of janitors was reduced from 120 to 71. Labour turnover was reduced from over 100% to 9.8% per year, while the standard of cleanliness was considerably improved. And, the company saved an average of \$103,000 per year on labour costs.¹¹²

A job enrichment programme established by the Motorola Company involved allowing workers to construct entire receivers rather than assembling simple components. Each employee was also given responsibility for repairing faults that developed in his work. Although this method of construction required substantially more labour time than a conventional assembly-line, the benefits in reduced turnover, absenteeism, and fewer defects have compensated for this loss. In addition, the company's reputation was improved because of the high quality products it now sells.¹¹³

One of the most widely publicized job enrichment schemes has been undertaken by the giant telecommunications firm, A.T. and T. High labour turnover persuaded its executives to experiment with Herzberg's ideas on job enrichment. Under the supervision of its personnel director, Robert N. Ford, a pilot project was initiated in 1964.¹¹⁴ A group of

112. Ibid., pp. 100, 101. See also: M. Scott Myers, Every Employee a Manager (New York, 1969) (Myers is Personnel Director at Texas Instruments).

113. James O'Toole, Work in America, op. cit., p. 101.

114. Robert N. Ford, Motivation Through the Work Itself, op. cit., p. 26.

highly educated young women answering customer complaints was selected for the experiment. The 104 workers were divided into five groups. Two groups had their jobs 'vertically' enriched by being given more responsibility and greater discretion in responding to customer complaints. Supervisory checks on the letters they sent out were reduced and they were given the tasks of following through any further complaints from the same customer. To avoid the 'Hawthorne Effect' the women were not informed that the changes were part of an experiment. In the other three groups no changes were introduced.¹¹⁵

At the end of six months the experiment was evaluated. A.T. and T. were pleased with the results. Using five different measures of performance, it found that the experimental group exceeded the others in every case.¹¹⁶ The level of job satisfaction among employees in the experimental groups was also considerably better than in the control groups. Moreover, these improvements were achieved without altering wages, fringe benefits or working conditions. Thus Herzberg's argument that job satisfaction was dependent upon the task performed and not upon the conditions surrounding the task was given support. And, A. T. and T. had uncovered a new - and cheap - method for lowering costs and raising production.¹¹⁷

As a result of the successful pilot study, 18 additional studies involving over 2000 workers were initiated within the A. T. and T. empire. Different types of jobs were included to ensure that the

115. Ibid., pp. 27, 28.

116. Ibid., pp. 31-39.

117. Ibid., p. 39. See also: Judson Gooding, "It Pays to Wake Up The Blue Collar Worker", op. cit. p. 158.

conditions in the customer complaints department were not exceptional. Sales representatives, office supervisors, keypunch operators, clerks, switchboard personnel and several other occupations were included. The results ranged from "moderately successful" to "quite successful". Certainly A.T. and T's chief executives were impressed. For they incorporated job enrichment as a standard part of the personnel programme from 1968 onwards.¹¹⁸

In Great Britain, similar experiments have taken place. I.C.I. has restructured the jobs of a number of employees with the objective of raising job satisfaction and output. In one experiment, fifteen salesmen were given greater discretion in dealing with customers. Detailed reports of each customer visit were abolished. And, the salesmen were given authority to raise or lower prices by as much as 10 per cent according to their assessment of what was necessary to make a deal.¹¹⁹ They were also empowered to pay up to £100 on the spot to resolve customer grievances.

As a result of these changes, 11 per cent of the salesmen reported an improvement in job satisfaction. This contrasted with a negligible increase in the control group. Moreover, while other I.C.I. salesmen experienced a decline of 5 per cent in sales during the experimental period, members of the experimental group raised their output by 18.6 per cent.¹²⁰

118. Robert N. Ford, Motivation Through The Work Itself, op. cit., pp. 45-79.

119. W.J. Paul, Jr., K.B. Robertson and F. Herzberg, "Job Enrichment Pays Off", op. cit., pp. 61-78. For a more detailed account see the subsequent publication by W.J. Paul, Jr. and K.B. Robertson, Job Enrichment and Employee Motivation, (London, 1971). Other discussions are to be found in W.W. Daniel and Neil McIntosh, The Right to Manage? op. cit., pp. 17, 18; David Jenkins, Job Power, op. cit., pp. 182, 183. According to Alan Moscovitch, a former member of the research department of A.S.T.M.S., I.C.I.'s job enrichment programme was an integral part of its attempt to forestall the unionization of its white collar personnel. (Personal interview, Dec. 14, 1975). I.C.I.'s opposition to the unionization of its staff has been most recently demonstrated in its support for the Association of Professional Scientists and Technologists (a non T.U.C. affiliate) in its struggle with the more militant A.S.T.M.S. See: David Churchill, "I.C.I. Ballot Victory Steps Up Inter-Union Struggle" Financial Times, Jan. 23, 1969, p.9.

120. W.W. Daniel and Neil McIntosh, The Right to Manage? Op. cit., pp. 17, 18.

Another I.C.I. project was designed to improve morale among non-university trained laboratory technicians assisting graduates with experiments.¹²¹ Most technicians had considerable experience but felt frustrated because their prospects for promotion were limited without a degree. Three groups of fifteen workers were selected for the experiment. One acted as a control. In the other two, workers were given new responsibilities such as writing up their own reports of each experiment, being consulted at the planning state of new projects, helping with the selection of new assistants and assuming authority for ordering new equipment and materials. The performance of the two experimental groups, as judged by their supervisors, improved substantially, while that of the control group improved at the beginning, but subsequently declined.¹²² Thus I.C.I. concluded that job enrichment was an effective method of raising output and improving worker attitudes.¹²³

IV

As the preceding review of job enrichment and participation experiments indicates, these new techniques offer a number of significant benefits to management. Of primary importance is their ability to foster normative integration. By providing the worker with opportunities to satisfy his needs through activities which promote business objectives, participation and job enrichment schemes encourage him to identify with the purposes of his enterprise. To the extent that his personal fulfilment can be harnessed to corporate objectives, management has a

121. W.J. Paul, Jr., K.B. Robertson and F. Herzberg, "Job Enrichment Pays Off" op. cit., pp. 61-78. See also; W.W. Daniel and Neil McIntosh, The Right to Manage, op. cit., pp. 18, 19.

122. W.J. Paul, Jr., K.B. Robertson and F. Herzberg, "Job Enrichment Pays Off" op. cit.

123. Ibid.

potent lever of control over him. Moreover, because this method of control involves the manipulation of attitudes and values rather than the use of coercion, it is particularly valuable in dealing with the new problems which confront managers in the post-war period.

Job enrichment and participation schemes also provide management with an effective means for containing demands by workers for more control over their work. Because they provide workers with more discretion, autonomy and responsibility over their immediate tasks, they give workers the impression that they now have a substantially greater role in decision-making. Yet this increased control is confined by management to areas associated with raising output and productivity. Workers have more discretion in the way they pursue management's ends; they do not have more say about what those ends are. Thus management can placate worker demands for greater self-determination without conceding any important prerogatives. ✓

These innovations also promise to reduce the growing discontent which so many managers are now worried about. By providing workers with greater job satisfaction, managers hope to reduce strikes, absenteeism, sabotage and other forms of anti-organizational behaviour. Similarly, by reducing the use of directive controls, managers feel that they can eliminate many of the sources of friction which presently generate hostile worker attitudes.

Job enrichment and participation are also seen as techniques for cutting labour costs by giving workers increased work loads. Whenever a job is reorganized, management stands to gain. For it can use this opportunity to slip in additional tasks.¹²⁴ Job enrichment is particularly

124. Jack Rasmus, "Job Control: Not Job Enrichment" op. cit., pp. 5-7; Judson Gooding, "It Pays to Wake Up the Blue Collar Worker" op. cit., p. 167; Richard E. Walton, "Alienation and Innovation in the Workplace" op. cit., pp. 232-240; William W. Winipisinger, "Job Satisfaction: A Union Response" The American Federationist (Feb., 1973) pp. 8-10.

suited to this ploy because it involves providing the worker with more 'challenge' and 'responsibility'. Thus the 'enrichment' of a job frequently means giving the worker not only a greater variety of tasks, but more of them. When a job is enlarged to include maintenance, janitorial, personnel or quality control functions, the men who previously performed this work can be dropped from the payroll. Similarly, when work groups are assigned collective responsibility for discipline, job allocation, production quotas and related matters, the foremen who normally do these tasks can be made redundant.¹²⁵

By training workers to perform a number of jobs, companies can also reduce the costs of absenteeism and labour turnover. A missing employee can be replaced by any one of a number of equally qualified candidates. And, firms are less vulnerable to strikes because the strategic power of specific groups of workers is greatly reduced. Firms can also avoid paying the wages demanded by skilled workers by training unskilled employees to do their jobs under the guise of job enrichment. Because their training is not accredited, such workers are not able to transfer to another employer like their skilled counterparts. Thus they are tied more firmly to their company. And they are less likely to have the strong craft union ties which are typical of skilled workers.

Participation and job enrichment have also been viewed by managers as ways of obtaining higher output 'on the cheap'.¹²⁶ As Lorin Baritz notes, the idea that non-monetary sources of motivation could be effective in encouraging the employee to labour more diligently has not gone

125. Jack Rasmus, "Job Control: Not Job Enrichment" op. cit., p. 14.

126. The best example of this is Herzberg's distinction between "hygiene" and "motivating" factors. Money according to him is a "hygiene" factor. Hence paying higher wages does not motivate workers to produce significantly more.

unnoticed by managers.

To find out what made workers work or regulate output, rebel or obey, was...a desideratum of progressive managements. Both social scientists and managers had long discussed various devices calculated to spur workers to greater efforts. Though most managers had assumed that money was the greatest incentive for employees, many social scientists insisted that the workers needed other, less tangible rewards. The idea that workers were really less interested in hard cash than most managers had long assumed had obvious and attractive implications for management.¹²⁷

Not unexpectedly, managers have shown considerable interest in non-monetary sources of satisfaction which can be substituted for wage increases. At the same time, considerable effort has been expended in attempting to divert attention from wages to less tangible forms of gratification. Employees whose work experience has been confined to factories organized according to scientific management may be flattered by the increased 'responsibility', 'discretion' and 'freedom' given to them by these new methods of organizing work. Managers hope that they will be sufficiently content with such rewards that they do not demand more pay as well.

Another objective of participation and job enrichment is to attack the age-old problem of output restriction. In the post-war period managers have come to realize that conventional wage incentive schemes have certain inherent weaknesses. William Foote Whyte, for example, points out how it is impossible for management to establish piece rates on a 'scientific' basis.¹²⁸ As a consequence, such systems encourage workers to hoodwink management about how fast they can work. Whyte, like many other 'progressive' management theorists, believes that this struggle between

127. Lorin Baritz, The Servants of Power, op. cit., p. 173; William Gomberg, "Job Satisfaction: Sorting Out the Nonsense" The American Federationist (June, 1973) pp. 18, 19.

128. William Foote Whyte, Money and Motivation, op. cit., pp. 14-49; See also: Robert N. Ford, Motivation Through the Work Itself, op. cit., pp. 51-53, 57, and passim; Rensis Likert, New Patterns of Management, op. cit.

workers and managers arises because the incentive scheme is faulty. Thus it can be eliminated by adopting a system which fuses the interests of workers and managers more closely.

And this is precisely what the new management techniques are designed to do. By making the satisfaction of the employee's self-actualizing needs dependent upon the pursuit of business objectives, managers hope to engineer a situation where the employee can maximize his personal satisfactions only by maximizing his output. By tailoring the incentive scheme more exactly to the needs of employees - both financial and psychological - they believe that the weaknesses of earlier systems can be overcome.

Similarly, by giving work groups collective responsibility over production, managers believe they can manipulate group norms and values more effectively. As we saw in our discussion of human relations, one of the customary functions of work groups has been to protect their members from management interference and to conceal restrictive practices. However, managers believe that if they can persuade work groups to accept responsibility for meeting production quotas, they will use their informal controls to end output restriction. Thus group methods of production promise to succeed where Mayo's strategy of supervision failed.

Managers also hope to eliminate the need for first line supervisors by assigning collective responsibility for production to groups of workers. Moreover, if work groups can be persuaded to carry out many of the personnel functions which are the source of so much friction between employers and workers, so much the better. To the extent that work groups accept responsibility for dealing with questions such as discipline, wage differentials and the allocation of jobs, management is spared the delicate task of resolving these matters.

The benefits to management of delegating responsibility for production to work groups are outlined concisely by Jack Rasmus:

...(B)y assuming direct responsibility for production, workers, in effect, also assume responsibility for rationalizing the work process and often at their own expense in the long run. They are thus led to carrying out a task voluntarily which they might otherwise resist if initiated by management alone. In addition by assuming responsibility for production they also assume the task of enforcing discipline and eliminating those personal 'obstacles' to greater output indicated above.¹²⁹

Participation and job enrichment schemes also facilitate the introduction of change. As experiments by Coch and French, Lewin, Israel, Likert and other post-war researchers have shown, if workers are allowed to participate in the re-organization of their jobs, they will be more inclined to accept their new work assignments than if such changes are imposed unilaterally by management.¹³⁰ Thus participation schemes give management a way of obtaining worker consent to new production methods which they might otherwise oppose. And, frequently, such schemes enable management to tap the ideas of workers about how to install new equipment or design new working arrangements to maximize productivity.

V

Management's recent interest in job enrichment must also be assessed in light of its fear that worker discontent may be channelled into trade union activity. Although it is fashionable to assume that managers now accept the right of workers to join unions, it is more accurate to say that they acquiesce because it is expedient for them to do so. Admittedly, some managers, especially in Britain, accept a pluralist industrial framework.¹³¹

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129. Jack Rasmus, "Job Control: Not Job Enrichment" op. cit., p. 14.
130. L. Coch and J.R.P. French, Jr., "Overcoming Resistance to Change" Human Relations No. 1 (1948) pp. 512-532; J.R.P. French, Jr., J. Israel, and D. Aas, "An Experiment in Participation in a Norwegian Factory", Human Relations No. 13 (1960); Kurt Lewin, "Studies in Group Decision" in D. Cartwright and A. Zander (ed.) Group Dynamics (Evanston, Ill., 1953) Ch. 21; Rensis Likert, New Patterns of Management, op. cit.
131. On this point see, for example: W.E.J. McCarthy and N.D. Ellis, Management by Agreement (London, 1973); W.W. Daniel and Neil McIntosh, The Right To Manage? (London, 1972).

And, some managers have come to recognize that unions can perform useful functions in regulating labour relations. But employer opposition to trade unions remains strong, particularly in the United States and Canada where less than one third of the labour force is unionized. And, many apparently 'progressive' British and European firms follow labour relations policies abroad which belie their pluralist claims.

Moreover, it is not only manual workers who are the object of job enrichment and participation schemes. Top management is particularly worried about the unionization of clerical and lower-level managerial staff. Even where management has accepted unionization among its hourly-paid production workers, it is frequently unwilling to concede that salaried employees need to be organized as well.¹³²

In the past, managers who feared the intrusion of trade unions were able to engage in a number of practices to dissuade workers from signing up. They could dismiss, arbitrarily, anyone suspected of harbouring union sympathies. Blacklegs could be hired to replace striking employees. And private 'security' firms could be engaged to intimidate workers who failed to demonstrate the proper attitudes. However, such practices are no longer publicly acceptable. True, a determined employer can still find effective ways of punishing or dismissing workers who join trade unions. But he must be more circumspect in the methods he uses. Moreover, as we noted previously, there is a growing recognition of the drawbacks associated with using force.

132. See, for example: Alfred Vogel, "Your Clerical Workers are Ripe for Unionization" Harvard Business Review, Vol. 44, No. 3. (March-April, 1971) pp. 37-49. For a good account of employer policies towards white collar trade unionism see: George Sayers Bain, The Growth of White Collar Unions (Oxford, 1969); and, more critically; Clive Jenkins and J.E. Mortimer, The Kind of Laws the Unions Ought to Want (London, 1968). Jenkins and Mortimer cite several examples of U.K. employers who formed "staff associations" to forestall the unionization of their employees. Banking and insurance firms have been particularly active in this area. U.K. employers have also encouraged organizations such as the 60,000 member Foreman and Staff Mutual Benefit Society. One criterion of membership in this society is that the employee not belong to a union. Any employee who does join a union automatically loses all the benefits paid in by his employer. As this may be a substantial sum in the case of older employees, it creates a powerful financial deterrent to unionization. And this is exactly what the organization was set up to do. See: Ibid., pp. 57-67.

Consequently, managers have been anxious to find new techniques - techniques which will undermine union activities but still maintain the goodwill of employees. Job enrichment, participation and other devices have an obvious appeal in such circumstances.

In a recent Fortune article on job enrichment, Judson Gooding noted that "almost all" the companies he examined were not unionized.¹³³ A survey carried out in 1974 by the director of the Quality of Work Programme, sponsored by the U.S. National Commission on productivity, came up with similar results. Of 150 companies involved in job enrichment and participation schemes in the U.S., 80 per cent had no union. A "private poll" among the managers of these corporations revealed that new techniques "...were part of such firms' overall anti-union policy."¹³⁴ It is ironic that the same managers who state publicly that they are anxious to extend the amount of control and responsibility exercised by ordinary workers are busy devising techniques to reduce their collective power.

Considering the continuing opposition of many managers to trade unionism, it is not surprising to find recent articles in journals such as the Harvard Business Review and Fortune suggesting that job enrichment provides a 'solution' to the 'problem' of trade unionism. According to Alfred Vogel, a properly organized job enrichment programme can reduce worker dissatisfaction and thus undermine the appeal of unions.

M. Scott Meyers points with pride at a job enrichment programme in a

133. Judson Gooding, "It Pays to Make Up The Blue Collar Worker" op. cit. p. 135. Gooding also gives some examples of companies who have been consciously using participation schemes to forestall unionization. See: Ibid., pp. 158, 162.

134. Iver Berg, "They Won't Work: The End of the Protestant Ethic and All That" in James O'Toole (ed.) Work and the Quality of Life (Cambridge, Mass., 1974) pp. 37, 38. For a more critical assessment of the anti-union policies of management see: Lorin Baritz, The Servants of Power, op. cit., and, more recently, Jack Rasmus "Workers Control and the Nixon Economic Programme", op. cit.

Toronto factory which was so 'successful' that the workers voted to de-certify the union.¹³⁵ Another writer describes how a company "...plagued by a hostile union..." was able to reduce the level of conflict by introducing a participation programme. In the process, it persuaded its workers to replace their militant union leaders with "...a group of highly respected, able individuals..." who were willing to bargain with the company "...in an atmosphere of good faith and reasonableness."¹³⁶

Not all proponents of job enrichment and participation are hostile to trade unionism, however. More sophisticated theorists such as Douglas McGregor and William Foote Whyte recognize that trade unions are a permanent feature on the industrial landscape. Hence managers who want to cultivate the commitment of workers must do so within a collective bargaining framework.¹³⁷ These theorists believe that management's early paranoia about trade unionism was largely unfounded.¹³⁸

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135. Alfred Vogel, "Your clerical Workers Are Ripe for Unionism" Harvard Business Review, Vol. 49, No. 2 (March-April 1971) pp. 48-54; See also: M. Scott Meyers "Overcoming Union Opposition to Job Enrichment" Harvard Business Review, Vol. 49, No. 3 (May-June 1971) pp. 37-49; Judson Gooding, "It Pays to Wake Up the Blue Collar Worker" op. cit., pp. 133, 158, 159; David Jenkins, Job Power, op. cit., p. 205.
136. Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 142, 143.
137. Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 110-123; Douglas McGregor, "The Significance of Scanlon's Contribution" in Frederick G. Lesieur (ed.) The Scanlon Plan: A Frontier in Labour Management Co-operation (New York, 1958) pp. 2-6; Douglas McGregor, "The Scanlon Plan Through a Psychologists's Eyes" in Frederick G. Lesieur (ed.) The Scanlon Plan, op. cit., pp. 89-99; William Foote Whyte, Money and Motivation, op. cit., pp. 81-188. See also: W.W. Daniel and Neil McIntosh, The Right to Manage? op. cit., pp. 111-138; W.E.J. McCarthy and N.D. Ellis, Management by Agreement, op. cit.
138. For a revealing account of the concern of some managers about the dangers of unionization, see: Alfred P. Sloan Jr., My Years With General Motors, op. cit., pp. 414-430. And, for an excellent case study of how General Motors has been able to contain the challenge of the United Auto Workers Union, see: William Serrin, The Company and the Union, op. cit.

Trade unions do not pose a serious threat to managerial prerogatives. They are, for the most part, committed to the existing industrial framework and have long since abandoned any ideas about overthrowing it. It is only in the area of regulating the terms and conditions of employment that they want a share in decision-making. And, even in this area, their influence is not altogether negative from management's point of view. For they institutionalize conflict which otherwise would be expressed in acts of sabotage, output restriction, higher labour turnover and simmering discontent. By allowing workers to participate in decision-making, unions can play an important role in legitimizing the existing framework. And, by providing a channel through which employees can express their grievances, they enable managers to discover what is happening on the shop-floor.¹³⁹

But more significantly, trade unions can also provide a useful avenue for employee - employer co-operation on issues which ostensibly benefit both sides.¹⁴⁰ Although such co-operation must be negotiated with the unions, often this is not a major impediment. Insofar as job enrichment or participation schemes are accepted by the relevant unions, workers may be even more willing to implement them. This is so because voluntary agreements create a sense of moral obligation on the part of workers which may not be forthcoming in schemes initiated unilaterally by management. Consequently, if management can persuade unions that they

139. William Foote Whyte, Money and Motivation, op.cit., pp. 81-188; Douglas McGregor, The Human Side of Enterprise, op. cit., pp. 110-123; Russell W. Davenport, "Enterprise for Everyone" in Frederick G. Lesieur (ed.), The Scanlon Plan, op. cit., pp. 26-28 (orig. published in Fortune, January 1950).

140. See, for example: Frederick G. Lesieur (ed.) The Scanlon Plan: A Frontier in Labour-Management Co-operation (New York, 1958); William Foote Whyte, Money and Motivation, op. cit.; Douglas McGregor, The Human Side of Enterprise, op. cit.; W.E.J. McCarthy and N.D. Ellis, Management by Agreement, op. cit.; W.W. Daniel and Neil McIntosh, The Right to Manage? op.cit.; Alan Flanders, The Fawley Productivity Agreements, op. cit.

have a mutual interest in restructuring jobs then it can enlist their aid in implementing change.

The Scanlon Plan, for example, was developed as a way of circumventing union-management conflict in a factory threatened with bankruptcy. Faced with the loss of its members' jobs, the union negotiated an agreement which committed its members to raising production and cutting labour costs in return for a fixed share of the firm's earnings.¹⁴¹ As a result, the company prospered. Other managers quickly saw the potential of such agreements in obtaining worker commitment to business objectives. By giving workers a larger stake in the enterprise, managers concluded that they could transform the union's role from one of opposition to one of co-operation.¹⁴² Thus they could contain the union challenge to their prerogatives and, in the process, raise output and profits as well.¹⁴³ Not surprisingly, innovations such as the Scanlon Plan have become increasingly popular among managers in recent years.

Thus we see that participation, job enrichment, employee-centred supervision, 'democratic' management and similar techniques provide an answer to many of the problems confronting managers in the post-war period - an answer which, not insignificantly, is also highly profitable. The social scientists have shown that knowledge of the employee's human needs can be utilized by management to design more effective ways of controlling his behaviour. Conflict between the individual and the organization can be reduced by providing him with more satisfaction on the job. The demand

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141. Clinton S. Golden, "A Tribute to Joseph N. Scanlon" in Frederick G. Lesieur (ed.) The Scanlon Plan, op. cit., pp. 2-4; William Foote Whyte, Money and Motivation, op. cit., Ch. 14; George P. Shultz, "Worker Participation on Production Problems" in Frederick G. Lesieur (ed.) The Scanlon Plan, op. cit., pp. 50-64.
142. Eldridge S. Puckett, "Measuring Performance Under the Scanlon Plan" in Frederick G. Lesieur (ed.) The Scanlon Plan, op. cit., pp. 65-79.
143. Douglas McGregor, "The Scanlon Plan Through a Psychologist's Eyes" op. cit., pp. 93-96; William Foote Whyte, Money and Motivation, op. cit., pp. 184-188.

for participation can be met without altering the traditional goals of business. And, ultimately, productivity and profits can be raised because a normatively integrated work-force will pursue management's objectives more diligently than one chained to Taylor's stopwatch.

V

Now that we have seen why contemporary managers are so anxious to 'humanize' work, we are in a better position to assess their claims that job enrichment and participation provide solutions to work alienation. Although it is clear that these innovations are designed to enhance managerial control, it is not altogether contradictory to assume that they might also make work more satisfying. Indeed, the social scientists promoting them maintain that it is only by giving workers an opportunity to fulfil their human potential that increased production can be achieved. In replacing the stultifying jobs designed by scientific managers, with ones involving more challenge, variety and responsibility, they claim that they are resolving the conflict between employee needs and the economic requirements of business. Thus despite their commitment to raising output, the practical effects of their innovations are of great benefit to workers.

Yet the argument that job enrichment and participation schemes will humanize work has major weaknesses. Obviously, there is nothing inherently objectionable about innovations which give employees greater satisfaction. But as we have seen, these schemes are being implemented not because the happiness of workers is desired as an end, but because happy workers are thought to be productive workers. Since the happiness of workers is viewed as a means to greater output and profits, managers are committed to raising job satisfaction only to the extent that it facilitates the attainment of business objectives. As Arthur Kornhauser rightly points

out:

The psychology of industrial work has devoted itself, for the most part, to problems of productivity and organizational effectiveness. Working people have been studied primarily as a means to the ends of efficiency, whether of the single enterprise or of the larger society. Even when attention is directed to attitudes, feelings, and morale interest usually centers on how these subjective states affect work performance and the functioning of the industrial organization.¹⁴⁴

Historically, of course, business has always used the needs of workers as levers to control their behaviour. The only difference now is that 'higher level' needs are being appealed to. Whereas workers complied with management demands in the past because they required wages for the necessities of life, they comply now because management offers them the prospect of developing their human capabilities more fully. In either case, the fact that management has the power to satisfy their needs enables it to control their behaviour. Consequently, the claim that these schemes constitute a fundamental break from earlier systems of management is unwarranted. They differ only in technique: the underlying principle remains the same.

Job enrichment theorists also maintain that the major problems of workers are caused by faulty management techniques such as Taylorism. Hence new approaches to management will eliminate them. The flaw in this argument lies in the analysis upon which it is based. If the source of worker dissatisfaction does not lie with poor management techniques, better management techniques will not cure it.¹⁴⁵ True, some lubrication of the causes of friction may be feasible. Simplified, repetitive tasks may be rearranged to alleviate boredom. Close supervision may be relaxed. And, workers may be given more discretion in how they perform the tasks

144. Arthur Kornhauser, The Mental Health of the Industrial Worker (London, 1965) p. 2.

145. Alan Fox, Man Mismanagement, op. cit., pp. 116-120 and passim.

management assigns them. But if the problems workers face derive from the organizational framework of industry then, as David Jenkins notes, 'improvements' in management techniques cannot solve them.

In much of the recent discussion of work-related problems in America, there is the assumption that, since a main culprit is an abundance of tedious jobs created by short-sighted managements, the answer is the creation of fascinating jobs by far-sighted managements. A great deal of attention is given to the rearrangement of tasks in job enlargement or 'job enrichment' or 'job design' projects by managements which, having noted worker discontent and desire for more control, are sagely expanding the worker-control area by a fixed amount and therefore assuming they have liquidated the root problem.

But the root problem is not a faulty arrangement of jobs, it is a question of faulty power patterns; the arrangements of jobs are only surface symptoms, and projects that do nothing but rearrange jobs without altering the power structure are only surface solutions.¹⁴⁶

Yet proponents of job enrichment make no attempt to assess the structural impediments to greater employee fulfilment at work. Their response to the argument that there is a basic conflict between the demands of owners and the needs of workers is to paper it over. In much of the writing on job enrichment and participation there is a 'best of all possible worlds' outlook. These new techniques, they argue, will bring higher output, better quality, lower costs and increased profits to owners. At the same time, they will provide higher wages, better interpersonal relations and increased job satisfaction for employees.

However, it is not always true that happy workers are productive workers. Nor is it the case that the only way to raise output is to increase the satisfaction of employees. In many instances, a trade-off between higher output and greater employee fulfilment at work is necessary. Increased production may be obtainable only through the use of methods of work or management techniques which reduce worker satisfaction.¹⁴⁷

146. David Jenkins, Job Power, op. cit., p. 241. Ironically, Jenkins himself goes on to praise the activities of a number of large American firms which he believes are altering the power relationships between employers and employees!

147. On this point see, for example, Alan Fox, Man Mismanagement, op. cit., pp. 118, 119.

Conversely, working arrangements which are more congenial may not be as productive as ones involving a high division of labour, close supervision and considerable pressure from management.

There are obvious reasons why management theorists are reluctant to admit the conflict between job satisfaction and output. To concede that the needs of workers are sacrificed to maximize profits is to admit that there are structural sources of conflict within the enterprise. And it is to acknowledge that there are important limitations on the implementation of job enrichment and participation projects within the existing framework of private ownership. For employers can be expected to increase worker satisfaction only where it improves the profitability of their enterprises. This does not preclude them taking into account the long term advantages of employee goodwill, such as lower labour turnover, less absenteeism, fewer strikes and the like.¹⁴⁸ But no matter how sophisticated and comprehensive management's calculations are, if, at the end, job satisfaction is not conducive to profitability, it will not be provided.

Moreover, the conflict between worker fulfilment and profits casts doubts on claims of management theorists that changes in power relationships within industry are unnecessary because progressive managers are now committed to satisfying the needs of workers. Insofar as worker needs and aspirations conflict with management's drive to maximize output and profits, the disparity in power between the two remains important for it means that workers must subordinate their needs to the demands of owners. Indeed, even the most cursory examination of why the satisfaction of workers has not had higher priority in the past would suggest the reason: the disparity in power between management and workers has been sufficiently great that the happiness of the latter could be ignored as a consideration influencing

148. The work of Rensis Likert in the area of "human asset accounting" provides a good example of this longer range assessment of the benefits of a more happy and well-integrated workforce to management.

how the former organized industry. Employees have worked under scientific management, human relations, paternalism and plain industrial autocracy because they have not had the power to organize work according to their own priorities. They have sacrificed the opportunity for greater fulfilment not because they felt that the maximization of output was the only objective worth pursuing in industry, but because they had no choice in the matter.

Ironically, evidence gathered by social scientists and management theorists in the post-war period points in the same direction. Their research indicates that one of the most important factors influencing job satisfaction is the amount of control workers have over their jobs. Yet as we have seen, proponents of job enrichment have been unwilling to interpret the notion of control in terms other than the immediate tasks workers perform. In their view, extending the worker's control over his job means giving him more responsibility, autonomy and discretion in how he carries out the tasks management assigns him. It does not mean allowing him more influence in deciding what those tasks ought to be. Nor does it mean giving him a greater say in determining organizational objectives, nor in influencing the distribution of power, status and rewards within his enterprise.

Discussions about how to increase job satisfaction cannot be confined to the immediate tasks workers perform for two reasons. First, to the extent that workers are able to control higher level decision-making, they can alter the priorities of business and thus ensure that their needs are given more consideration. Second, the opportunity to participate in such decisions may be valuable in itself. However, proponents of job enrichment show no interest in such matters. This is because they feel that worker participation in policy-making is not functional to the attainment of traditional business objectives. And, more significantly, they recognize that it may pose a threat to managerial prerogatives. Thus we see that

despite claims that they are anxious to humanize work proponents of job enrichment arbitrarily limit their investigations about how to raise job satisfaction to areas which are compatible with the aims of business.

The unwillingness of the social scientists engaged in job enrichment programmes to follow the logic of their arguments when it challenges business priorities underlines their commitment to management aims and their lack of scientific objectivity. If they were genuinely concerned with the happiness of workers, they would have no hesitation in pointing out the structural impediments to it. And they would be prepared to challenge this framework where it seemed to limit worker fulfilment - a point rightly emphasized by Paul Blumberg in his attack on American social scientists promoting job enrichment:

Despite the almost unanimous evidence on the favourable effects of participation in general and in industrial settings in particular, almost no one in the related fields has raised the question: to what extent does private ownership and control of modern industry place sharp limits upon the amount of participation that is structurally possible? Given the demonstrated beneficial effects of participation, to what degree is its application inherently limited by the framework of private ownership?...These questions are never raised. But what happens when staid social scientists conduct perfectly conventional research only to find their results telling them that perhaps the old advocates of 'workers' control' had something there? What happens is that they draw the narrowest possible conclusions which allow them to stay safely within the confines of the here and now. Participation is praised, but no one asks any basic questions. Instead, the present system of ownership and control is merely assumed to be universal, despite the fact that economic experiments are everywhere to be studied. But this is very rarely done. The current system is assumed to be given and then, within the accepted framework, minor adjustments (of supervisory techniques for example) are urged.¹⁴⁹

Ironically, insofar as the new management techniques enhance management's ability to control workers, they perpetuate the inequalities of power which lie at the root of much of the dissatisfaction proponents of job enrichment claim they are so anxious to alleviate. This is demonstrated

149. Paul Blumberg, Industrial Democracy: The Sociology of Participation, (London, 1968)p. 129. His words in brackets.

clearly where job enrichment is being used to subvert unionization. Because unions give workers the ability to assert their priorities more effectively than their unorganized counterparts, they can be an important vehicle for the satisfaction of worker needs. Yet the social scientists advocating job enrichment have shown no interest in strengthening unions or in encouraging them to pursue job satisfaction more aggressively. Rather, they have been anxious to prevent unions from interfering with management's attempts to manipulate the attitudes and values of workers.

The limitations of humanizing work within the present framework of private ownership have also been revealed in the termination of a number of successful job enrichment experiments.¹⁵⁰ The most important reason for ending such experiments, according to David Jenkins, has been the threat they posed to managerial prerogatives.¹⁵¹ For example, at Polaroid, workers were proving so successful in performing the jobs of lower level supervisory personnel, that top management felt it was losing control of the organization. Although worker participation was profitable, senior management feared that workers were assuming so much control over production that they could pursue other objectives with impunity. Moreover, lower level supervisory jobs were being undermined. Thus justifications for traditional differentials in power, status and income were rapidly disappearing. Once management realized that the experiment in participation was becoming an experiment in workers' control it put an end to it.¹⁵² According to Andrew Zimbalist, a number of other promising experiments

150. Andrew Zimbalist, "The Limits of Work Humanization" Review of Radical Political Economics Vol. 7, No. 2 (Summer, 1975) pp. 50-59.

151. David Jenkins, Job Power, op. cit., p. 314 as cited by Andrew Zimbalist, "The Limits of Work Humanization" op. cit., p. 55.

152. David Jenkins, Job Power, op. cit. p. 314.

have suffered a similar fate for the same reason.¹⁵³

Thus we see that where experiments in job enrichment and participation threaten traditional business objectives or challenge hierarchical structure of industry, managers have no hesitation in terminating them. In light of such evidence, talk of commitment of business to satisfying the needs of its employees is less than persuasive. Business is interested in raising job satisfaction only where it 'pays'. And the areas where it 'pays' are much more circumscribed than proponents of these new management theories are willing to admit.

VI

It is also questionable whether job enrichment has been as successful in raising the happiness of workers as management theorists claim. Job enrichment programmes have an important public relations function of which companies are not unaware. By cultivating the image that they are in the process of humanizing work, managers can avoid interference by government or trade unions who might otherwise force them to show more concern for their employees. As we have seen, managers frequently maintain that because they have a job enrichment programme their workers do not need to be unionized. Similarly, by suggesting that they are in the process of humanizing work, they are able to promote the idea that business is now socially responsible and that the economic system, of which they are a part, is perfectly capable of satisfying the needs of workers. Thus business has a number of reasons, both economic and political, for claiming that job enrichment and participation schemes are providing substantial benefits to employees.

153. Andrew Zimbalist, "The Limits of Work Humanization" *op. cit.*, pp. 55, 56. He also speculates that there have been many other experiments which have been quietly terminated by companies anxious to avoid publicity.

However, when we turn to examine some of these experiments in more detail, we find that the benefits to workers are not as significant as management theorists suggest. Often 'improvements' in job satisfaction are nothing more than a transfer of satisfactions from one group of workers to another. For example, unskilled workers are frequently given the work of skilled craftsmen while the latter are made redundant. As long as such programmes are seen only in terms of the benefits accruing to the unskilled, management is able to say that it has 'enriched' their jobs. But all that has really happened is that it has used the rubric of job enrichment to disguise a policy of cutting labour costs.

Even where these schemes have led to genuine improvements in job satisfaction, there has been a tendency to exaggerate the benefits received by workers. This is exacerbated by the fact that it is always managers and the social scientists in their employ who assess how 'satisfied' workers are. Of course, we would not deny that some firms have made substantial improvements in certain instances. But when we consider the circumscribed jobs assigned to workers under scientific management, it is obvious that even minor ameliorations will raise job satisfaction considerably. Marginal improvements in work routines may be sufficient to reduce absenteeism, labour turnover and other manifestations of dissatisfaction which employers are now finding so costly. Slight relaxations of discipline may be enough to eliminate the more irksome sources of friction between management and workers. And, minor extensions of employee discretion and responsibility may be adequate to raise performance to the level of management desires.

However, if we compare the job satisfaction of workers performing 'enriched' jobs with that of skilled craftsmen or professionals, it becomes clear that the yardsticks used to measure job satisfaction are quite limited. It is legitimate to ask how many of the social scientists

and management theorists who extol the virtues of participation would be satisfied to work under such arrangements? In what sense do the definitions of words such as 'autonomy', 'discretion', 'responsibility', 'job satisfaction' and other terms used by management theorists differ when applied to themselves rather than workers on the shop-floor? As Alan Fox observes, job enrichment theorists have been notably reluctant to compare the jobs of workers under these new systems of management with the roles of those at or near the top of the occupational ladder.

Even in technologically favourable conditions, job enrichment has not, so far as present evidence appears to carry us, resulted in jobs that are seriously comparable, in respect of discretion, with those of middle or upper managers, engineers, scientists, lawyers and others of a similar high discretion status.¹⁵⁴

Despite the inflated rhetoric about satisfying the 'higher needs' of employees, improvements which are essentially of a cosmetic nature are being interpreted by business as if they constituted a fundamental change in the role of workers in industry. Yet what is notable about the new techniques is how similar they are to traditional approaches to management. Workers are still viewed as 'hands' whose function is to fulfil the aims of shareholders. They remain subordinate to management in all key areas of decision-making even where they perform 'enriched' jobs or 'participate' in decision-making. And, finally, the purpose of work remains one of pursuing the narrow commercial objectives of property.

Like human relations and scientific management, job enrichment is primarily a device for extending managerial control over workers. It is being introduced not because companies have become more aware of the deleterious effects of work on their employees but because they have become aware of the harmful effects of unsatisfied workers on the balance

154. Alan Fox, Man Mismanagement, op. cit., p. 120.

sheet. Insofar as job enrichment facilitates the attainment of business objectives, we can expect that managers will utilize it to supplement the earlier approaches. But where traditional methods of control remain adequate, they will be retained and intensified. In sum, job enrichment constitutes a valuable addition to management's growing list of techniques for making workers comply with business objectives.

CHAPTER V

CONCLUSION: THE FUNCTIONS OF CONTEMPORARY MANAGEMENT

I

Our analysis of the development of contemporary management in the preceding chapters leads to a number of conclusions which challenge commonly held beliefs about modern industry. In the first chapter, we showed that production is organized not according to Clarke Kerr's 'logic of industrialization' or John Kenneth Galbraith's 'technocratic imperatives' but rather according to the specific requirements of shareholders. Although it is fashionable to believe that ownership no longer plays a part in determining how industry is run, we argued that it remains of key importance in two areas. First, owners still define the purpose of industrial activity. In practice, this means that efficiency and the maximization of profits are pursued to the exclusion of other potential goals. Second, owners remain in control of the organizational structure within which these goals are pursued. This does not mean that they always play an active role in management. But they do monitor the behaviour of the managers appointed to administer their property. And, they retain the prerogative to step in if the latter do not fulfil business objectives adequately.

The fact that industry is still controlled by shareholders has major implications for the management function. Managers are not independent professionals who administer industry according to their view of the common good; they are agents of owners, obligated to pursue the latter's objectives. Their authority does not rest on their skills or expertise, necessary as these are to the functioning of industry. Rather, it is derived from their position as trustees of shareholders' property. And,

it remains contingent upon their fulfilment of commercial objectives. As a consequence, managers have been concerned not with the problems of industrialization in the abstract, but rather with the specific question of how to make an industrial system based upon property work effectively.

Yet it is not self-evident that the purpose of economic activity ought to be confined to maximizing the profits of shareholders. Historically, values such as craftsmanship and the satisfaction from performing a task well or creating a beautiful product played a far greater role in influencing how production was carried out. Work was seen not simply as a means but also as an end with the consequence that the worker's need for creativity and self-fulfilment were given a prominent place. Work was valued, too, because it provided opportunities for fellowship and co-operation and thus played an important part in the worker's social life. And, work enabled individuals to establish their worth as human beings through performing a socially useful function. Thus the attempt by managers to restrict the role of labour to the pursuit of narrowly commercial purposes entailed a deliberate attempt to exclude these alternative values.

Moreover, it is not obvious that an economic system which stresses efficiency and productivity will be more conducive to human happiness than one which places greater emphasis on other values. There is no reason to assume that the consumer goods purchased with higher wages associated with methods of work which are repetitive and stultifying are of greater value than the satisfactions arising from a challenging job accompanied by less money. Nor is there any reason to accept the view that because jobs which limit opportunities for fellowship and social interaction lead to heavier pay packets, they are preferable to ones which are socially rewarding but less productive. Indeed, it is not

unreasonable to assume that many people would prefer an economic system which allowed them to satisfy their creative needs at work even though it was less efficient than the one we now have.

The fact that industry could be organized on the basis of different values and that workers, if given the opportunity, might choose to pursue objectives other than the maximization of output, has had important implications for the development of contemporary management practice. To ensure that other objectives did not interfere with the pursuit of shareholders' aims, managers have striven to extend their control over all aspects of the productive process. If workers were allowed to exercise substantial control over decision-making, they might and, as history shows, would use their power to pursue their own rather than shareholders' objectives. It was only by maintaining dominance over workers that management could ensure that the narrow, commercial aims of owners were achieved. Thus we saw that management's quest to consolidate its control within industry stemmed not from the demands of technology or the requirements of effective administration as is frequently asserted. Rather it arose as a response to the demands of shareholders that the values associated with private ownership and control take precedence over the alternatives which workers might choose to pursue.

In the following three chapters, we traced the evolution of managerial strategies to extend and consolidate control over the productive process. Frederick W. Taylor used engineering principles not simply to rationalize production methods as is commonly thought, but rather to carry out a social reorganization of work designed to transfer control of the shop floor from workers to managers. By analyzing work in a scientific way, he believed that management could collect all information essential to production. In so doing it would eliminate the monopoly craft workers exercised over production methods.

Once management had accumulated this information, it could then reorganize production by dividing work into its simplest components and assigning the cheapest grades of labour to perform it. By using time and motion study, Taylor argued that management could regulate the behaviour of workers in a precise way and thus put an end to soldiering and other non-productive activities. As a result, management would be able to ensure that all the resources of the enterprise - both material and human - were utilized to the full in the quest to raise efficiency and productivity.

Although scientific management was a major step towards achieving managerial hegemony over the productive process, it was not a complete solution. The attempt to restrict the worker's autonomy by chaining him to a simple, repetitive task provoked hostile reactions. Managers soon realized that control over the technical side of production had to be supplemented by control over the worker's mind. Hence the aid of psychologists, sociologists and other social scientists was enlisted to understand and, ultimately, control workers more effectively. A decade of intensive research at the Hawthorne Works of the Western Electric Company gave birth to the human relations approach. Of course, Elton Mayo, T.N. Whitehead and the other researchers involved claimed that their new management techniques were designed primarily to help workers 'adjust' to the demands of industrial life and not as tools of psychological manipulation. But as we saw, supervision and counselling were utilized for precisely that purpose.

Managers soon discovered that human relations also had significant limitations. However, the potential of social science for controlling workers was not lost on them. In the post-war period, they have attempted to incorporate the latest theories of psychology and sociology into their management strategies. As we saw, contemporary managers have been particularly anxious to understand more about the needs of workers so

that they could design incentive systems which would tap these needs more effectively, Insofar as employees appeared to require opportunities for self-fulfilment on the job, new techniques such as job enrichment, employee centred supervision, democratic management participation and the like have been devised. These have had substantially more success than human relations in fostering normative integration, particularly in non-unionized firms, and as such have become a useful supplement to previous approaches. Moreover, they have given managers an excellent tool for public relations. The reorganization of work to increase output can be disguised as an attempt by managers to humanize it by giving workers more responsibility, autonomy and challenge. But despite the 'progressive' rhetoric of its proponents, the purpose of job enrichment remained the same as that of scientific management and human relations.

In our introduction, we argued that the issue of control lay at the heart of the management function under private ownership. The purpose of management, we maintained, was not simply one of dealing with the technical and organizational problems of industry but, more importantly, with how to make workers comply with the demands of shareholders. Our analysis of the development of twentieth century management supports this assertion. As we have seen, the approaches of Taylor, Mayo and proponents of job enrichment have been directed at solving the 'labour problem'. Although the methods have differed, the aim has been the same: to exercise social control over workers in order to achieve the aims of business as defined by shareholders. To those who argue that the management function is merely a technical and administrative one we can respond with the most effective answer of all: managers demonstrate clearly in their approaches to management that they do not see it that way.

II

Once we recognize that contemporary management has attempted, systematically, to extend control over all aspects of production, we can more readily understand why workers have not had a greater role in decision-making. It is not because workers lack the ability, intelligence or experience to participate effectively, as is commonly asserted. It is because managers have deliberately excluded them. And this, in turn, has been because the most effective way for managers to ensure that the aims of owners were achieved was to bring all aspects of the productive process under their control. As we saw in the development of scientific management, employers have attempted to reduce the autonomy of workers to ensure that they could not oppose or subvert business objectives. The narrow and stifling jobs which resulted from Taylor's methods of reorganizing work were not essential to ensure that production was carried out; craftsmen had done them in the past without management guidance. Rather, they were essential to ensure that the demands of owners were carried out.

Our analysis of the development of contemporary management thus calls into question the common assumption that it is the division of labour rather than private ownership which is primarily responsible for the restricted jobs many workers perform. As we noted in our discussion of scientific management, Taylor and his followers saw the division of labour not simply as a means for raising efficiency but also as a means by which managers could dominate workers. But the analysis of work into its simplest components, as Stephen Marglin rightly points out, does not automatically mean that the jobs of workers must be organized in a corresponding way.¹ The craftsman, for example, performs a large number of tasks, each of which, on analysis, is relatively simple. What makes him a craftsman is that he organizes these tasks into a complex whole and

1. Stephen Marglin, "What Do Bosses Do?" op. cit., pp. 3-11.

then proceeds to perform them according to a logical progression established in his own mind. Similarly, the industrial worker could perform the various simple tasks involved in the manufacture of an item in sequence over a period of time and thus come to understand - and control - production in his own factory. Indeed, some of the more ambitious job enrichment experiments such as the General Foods Plant at Topeka, Kansas, provide an indication, however inadequate, of the potential for reorganizing production to enhance the role of workers.

Yet as we have seen, it is not in management's interest for workers to understand the work process or to attain the status and skills of a craftsman. If workers control production on the shop floor, management cannot be certain that business aims are pursued effectively. Thus Taylor and subsequent theorists have maintained that workers must be excluded from the planning and organizing of their work. And, the most effective way to do this is to restrict their autonomy and discretion by assigning them to simple, repetitive tasks. Thus we see that it is not the division of labour which is responsible for routine jobs; it is management's use of the division of labour for the purpose of controlling workers.

Of course, employers have been anxious to persuade us that the restrictions they impose on the behaviour of workers are a result of the division of labour rather than the policies of business. But in light of the preceding analysis such claims must be seen for what they are: attempts to conceal managerial control.

However, it is not only the division of labour which has been utilized by managers for dominating workers: they have also taken advantage of opportunities presented by technology for extending control over workers. Carl Barth's slide rule, for example, was valued by Taylor precisely because it gave management the information about cutting steel which was required to eliminate the role of the skilled machinist. Similarly, conveyor belts and assembly lines have been used not simply to carry materials and finished

products to and from the place of work in an economical way. Rather, they have been utilized to enforce a particular rate of production on workers. Because management controls the design of jobs and the lay-out and speed of the assembly-line, it can use them to pressure workers into working at the rate it thinks appropriate.

Of course, the conveyor belt and the slide rule are relatively primitive examples of technology by contemporary standards. As such, they have been superseded by highly sophisticated production techniques involving the latest developments in engineering and science. Yet, contemporary technology has been used in exactly the same way by management.² The newest automobile plants are fitted with electronic sensors attached to computers which can locate the source of any delay in production and identify immediately any individual who is not performing his job properly. Computers have also been adapted to a wide range of control functions in factories, offices and shops thus giving management a new and highly effective method for ensuring that workers comply with business objectives. Such use of technology is not dictated by the demands of industrialization; it is a result of management's concern to dominate the labour process.

The fact that owners control the use to which modern technology is put has also meant that the opportunities it presented to enhance the role of workers in production have been stifled, as Harry Braverman points out:

In reality, machinery embraces a host of possibilities, many of which are systematically thwarted, rather than developed, by capital. An automatic system of machinery opens up the possibility of the true control over a highly productive factory by a relatively small corps of workers, providing these workers attain the level of mastery over the machinery offered by engineering knowledge, and providing they then share out among themselves the routines of the operation, from the most technically advanced to the most routine. This tendency to socialize labour, and to make of it an engineering enterprise on a high level of technical accomplishment is, considered abstractly, a far more striking characteristic of machinery in its fully developed state than any other. Yet this promise, which has been

2. Harry Braverman, Labour and Monopoly Capital, op. cit., Ch. 9, and pp. 204, 205.

repeatedly held out with every technical advance since the Industrial Revolution, is frustrated by the capitalist effort to reconstitute and even deepen the division of labour in all of its worst aspects...³

III

As we noted in our introductory chapter, there has been a tendency in contemporary literature on industrial organizations to assume that men can no longer determine the way in which industry will be structured. Studies such as Robert Blauner's Alienation and Freedom, to take a typical example, inform us that technology, not human beings, determines how much control workers have over their jobs and over the policies of the organizations within which they work.⁴ Yet in light of our analysis of the development of contemporary management, such views can be seen for what they are: justifications for the present pattern of ownership and control. What Blauner is actually saying is that the demand for profits by owners necessitates that technology be so arranged as to extract maximum production from workers. Within this narrow framework, workers may have more or less control over their jobs according to how effective management has been in finding ways to restrict their autonomy and discretion.⁵

Ironically, Blauner's perspective needs to be turned on its head. For it is not the limitations imposed by technology on the worker's autonomy that is demonstrated: it is the limitations on managerial control. His thesis, properly understood, means simply that each type of technology - craft, mechanized or automated - places restrictions on the ability of employers to dominate the productive process. It says virtually nothing about the feasibility of workers controlling the productive process because

3. Ibid., p. 230.

4. Robert Blauner, Alienation and Freedom, op. cit.

5. For a more detailed - and devastating - criticism of Blauner and other proponents of technological determinism see: Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 224-229 and passim.

the factories he examined were organized to minimize their control.

Our analysis of the management function under private ownership and control thus calls into question the widely held belief that workers' control of industry is impractical. As we have seen, managers have not been willing to allow workers to participate in decision-making because they feared that workers would use their power to pursue objectives other than those of business. Even where workers had already demonstrated their competence to organize production, as in the case of the skilled craftsmen displaced by Taylor, management strove to exclude them from the decision-making process. Because workers have not had the opportunity to control organizational decisions under private ownership, it is quite misleading to argue that the limited role they now play demonstrates their inability to participate successfully in management. Indeed, all that can be deduced from an examination of contemporary industry is the tautology that under a system designed to exclude workers from control of production, workers have not controlled production.

Yet if the enormous effort that has been expended in deriving methods for controlling workers, had been spent on finding ways to enhance their control over the productive process, it is clear that their role in industry could have been greatly expanded. For example, if industrial engineers had been given the task of designing machinery and production methods to give workers more control over production, rather than to facilitate management's control over them, the tradition of craftsmanship might have been preserved in new forms compatible with modern technology. Similarly, if it had been thought essential for workers to understand the organization of production, the design of jobs and the social organization of work could have been modified to enable them to learn how their factories were run. Also, payment systems could have been organized to encourage the learning of new skills and foster co-operation, rather than competition, among workers.

This is not to deny that technology and the division of labour impose constraints on the design of jobs and the organization of work. However, because industry has not used its resources to provide more challenging jobs, the limitations of such constraints are simply not known. Certainly evidence which has accumulated from the numerous job enrichment and participation schemes of the past decade suggests that where management seriously wants to re-design jobs, it can do a great deal to circumvent what were previously thought of as 'immutable' constraints. But as we have seen, far-reaching experiments in the reorganization of work have been the exception. Instead, management has exploited the social organization of work, the division of labour and technology as instruments for domination.

But more significantly, if the design of jobs were not subject to the constraints imposed by the commercial aims of business, many degrading tasks could be abolished. Once the provision of satisfying work was accepted as a legitimate objective of industrial policy - an objective of equal stature with that of maximizing efficiency - then the limitations imposed by the division of labour would be greatly reduced. Engineers and designers would be free to sacrifice a certain amount of production in order to allow workers to control their work more effectively. Where the human costs of methods of work which maximized output were thought excessive, other, more intrinsically satisfying methods of production could be adopted. Of course, such policies would not lead to the maximum rate of economic growth or a continually expanding array of consumer goods. But this does not mean that they would not increase the sum of human happiness. As Jaroslav Vanek wryly points out: "... (T)he building of the pyramids did not maximize social welfare, even if it may have maximized physical output."⁶

6. Jaroslav Vanek, The Participatory Economy (Ithaca, N.Y., 1971) p. 35.

Speculation about the potential for restructuring industry according to a different and more humane set of values takes us beyond the scope of our analysis of the development of contemporary management. However, it does underline the central point of this section: the way industry is now organized is neither inevitable nor immutable. It is the result of the efforts of a specific group, shareholders, to achieve a specific purpose: the maximization of profits. Hence it can be reorganized by other human beings to pursue fundamentally different purposes. There is no 'logic of industrialization', as Clarke Kerr asserts; only a logic of men.

PART II

CHAPTER VI

THE IMPACT OF PRIVATE OWNERSHIP AND CONTROL OF INDUSTRY

"In more than a hundred interviews with workers, most of them group interviews with four, five or more workers, I was saddened by this fact: no more than a handful said they enjoyed their jobs. I interviewed four workers at G.M.'s Fisher Two plant in Flint, one of the three Flint plants where U.A.W. members staged their sit-down in the winter of 1936-7, winning recognition for the U.A.W. I asked a worker: Do you enjoy going to work in the morning?

He said, "Can I ask you a question: Do you enjoy going to work?"

"Sure", I answered, "for the most part."

The worker was shocked. He could not conceive of anyone who might be happy going to work. He said, "I guess that there are jobs that guys like."

Behind me, another G.M. worker, a man who up to that point had said nothing, asked, "You never worked in a factory?"

"No", I said.

"You're pretty fortunate, aren't you?" he said. He was angry.

"Yes", I said." - William Serrin

I

Thus far, our approach has focussed exclusively upon the purpose and exercise of the management function within contemporary industrial enterprises. We have deliberately refrained from discussing the impact of this pattern of industrial organization on those most directly affected by it - the workers on the shop floor. Even when we noted the responses of workers to management techniques such as Taylorism, we did

so primarily from the perspective of assessing management's evolving strategies for coping with the various manifestations of employee dissatisfaction and not from the point of view of evaluating the effects of such dissatisfaction on the workers whose lives were so significantly affected by management control. It is now appropriate to shift our attention from the functions of management to the impact of capitalist control of industry on working people.

It is frequently asserted, in defence of the status quo, that the establishment of the priorities of industry by owners is not objectionable because their profit maximising activities utilize industry's resources efficiently and thus raise the standard of living of all concerned. Without sufficient emphasis on efficiency and productivity, workers as well as owners, would suffer from that "lack of bread" of which Schumpeter warned. Thus while it is true that management exercises social control over workers, it is also true that the effect of this control is ultimately to their benefit. In an imperfect world, a system which assures a good standard of living for working people is not to be disparaged, even if it does involve some degree of subordination at the workplace.

Although such a view of the beneficial impact of private ownership and control has considerable plausibility, we believe that it substantially under-estimates the deleterious effects of this framework on ordinary workers. First, it ignores the abuses which still exist within industry - abuses which are by no means inconsequential in undermining the happiness of workers. In the area of occupational accidents and illnesses, for example, the subordination of the interests of workers to the pursuit of profit results in an alarming toll of avoidable suffering and misery. Pressure to maximise output also leads

to excessive occupational stress and poses a serious threat to the mental health of large numbers of workers. And, as our previous discussion of management theory points out, opportunities for workers to fulfil their creative needs through their jobs remain quite limited.

Second, it assumes that the only values which have a place in the organization of industry are those associated with productivity and profits. The purpose of industry, according to this view, is to maximise output. Accordingly, the success of industry is to be evaluated on the basis of how well it attains this end. However, it is not self-evident that the sole purpose of industry ought to be to pursue the above objectives. There is no reason to assume that the happiness of workers on the job is less desirable as an objective than maximising output. The decision to follow the ideals of William Morris rather than Joseph Schumpeter can only be made on the basis of the relative importance attached to producer rather than consumer satisfactions. Because it involves a value judgement about what constitutes a desirable way of life, it cannot be dismissed on the grounds that it is "impractical". For practicability refers to the means used to reach an end, not the desirability of the end itself. It may be "impractical" to sacrifice ten per cent of production for a happier life at work. But if the happiness so gained is thought to outweigh the happiness associated with the foregone production, 'practicality' does not enter the matter.

It is our view that the producer satisfactions sacrificed by the single-minded commitment to profit associated with the present system of ownership and control are of greater significance than any gains in production accompanying it. The importance of self-determination of work cannot be dismissed by pointing to an ever growing pile of consumer goods - many of which are of questionable value in the first place. Nor can the benefits associated with a pattern of work organization

which places greater emphasis on the need for self-realisation be rejected as inferior to one in which output is maximized by treating workers as 'hands' rather than partners in a co-operative undertaking.

Finally, the view that the purpose of industry is to maximize output underestimates the central role that work plays in our lives. It is not merely because we spend such a major portion of our time in work and work-related activities that work is important. It is also that the kind of work we do and the satisfactions we obtain from it greatly influence our sense of self-worth, or social position, or leisure activities and, ultimately, our overall happiness. Contrary to the fashionable argument that we compartmentalize our lives such that the effects of degrading work do not spill over into non-work time, there is considerable evidence to show that unhappiness at work reduces fulfilment in other areas as well.¹

Consequently, in the following chapter, we shall examine the effects - and the implications - of the present pattern of industrial organization on the lives of ordinary workers. Our purpose shall be to demonstrate just how detrimental the subordination of workers to the interests of property is. In the process, we shall emphasize that it is the question of power, or rather lack of power, which is central to understanding why the interests of workers have been ignored as a factor influencing how production has been organized. And, we shall suggest that the solution to these problems involves a major shift in power relationships in order to enable workers to assert their priorities as producers more effectively.

II

The deleterious impact of the present system of ownership and control on workers is most visible and dramatic in the area of industrial health

1. See, for example: Stanley Parker, The Future of Work and Leisure (London, 1971).

andsafety. The statistics on accidents, injuries and occupational diseases are extremely depressing. In the United States, 14,500 workers are killed, 2.2 million temporarily or permanently disabled and more than 25 million working days lost every year as a result of industrial accidents.² In Great Britain, the recent average has been about 1,000 killed and 300,000 injured.³ These are the official statistics. They do not include the number of workers disabled or killed by occupational diseases which

2. John R. Oravac, "The Continuing Fight for Job Safety" The American Federationist (June, 1974) p. 1. See also: Patricia Cayo Sexton and Brendon Sexton, Blue Collars and Hard Hats: The Working Class and the Future of American Politics (New York, 1971) p. 68; Franklin Wallick, The American Worker: An Endangered Species (New York, 1972).

3. According to the Royal Commission on safety and health at work chaired by Lord Robens, the total number of fatalities in industrial accidents of all types showed a steady decline during the period 1961-1970 from 1,463 to 985, with significant fluctuations in that period.(a) The most notable reductions, however, were in public industries. Railways declined from 167 fatalities to 68, while in industries covered by the Mines and Quarries Act (i.e. Coal) the reduction was equally dramatic: 284 to 124.(b) However, in industries covered by the Factories Act (mainly privately owned) the figures showed only a slight improvement. In fact, from 1960 to 1969 no substantial decrease could be discerned: 669 in the former year, 649 in the latter. However, from 1970 (556) to 1973 (549) some improvement can be noted.(c)

However, the statistics on the total number of accidents indicate a slight increase, on average, from 1961 (433, 851) to 1970 (472,746). In the mid-1960's there was a sharp rise to a high of 573,948, with more than 513,000 every year from 1964 to 1969.(d) Again, public enterprises showed a substantial improvement, with the number of accidents under the Mines and Quarries Act reduced by half. However, in the premises covered by the Factories Act, the number of accidents rose substantially from an average of 200,000 in the 1961-1963 period to an average of over 300,000 in the 1967-1970 period.(e)

Thus we see that while there has been a decrease in the number of fatalities from 1961-1970, the number of accidents has risen and this rise is attributable almost entirely to the private sector.

(a) Source: Safety and Health at Work, Report of the Committee, 1970-72, Lord Robens, (London, H.M.S.O. Cmd. 5034) Table 1, p. 161.

(b) Ibid., Table 1, p. 161.

(c) Ibid., Table 1, p. 161, and Report of the Chief Inspector of Factories, London, H.M.S.O. as cited by Labour Research, Vol. 64, No. 1 (Jan. 1975) p. 6.

(d) Source: Safety and Health at Work, op. cit., p. 162, Table 2.

(e) Ibid., p. 162, Table 2.

some observers estimate to be considerably larger than the figure for accidents.⁴ Moreover, there is a good deal of evidence to suggest that the official statistics greatly underestimate the extent of the problem.

"One Labour Department study of California's experience", noted Dan Corditz of Fortune, "indicates that the true toll of industrial accidents may be ten times the National Safety Council's estimates."⁵

A report presented to the U.S. Congress in April 1972 by the Occupational Safety and Health Administration pointed out that each year there were an estimated 300,000 cases of occupational diseases. It went on to state that: "Based on a limited analysis of violent/non-violent mortality in several industries, there may be as many as 100,000 deaths each year from occupationally caused diseases."⁶ In fact, the situation may be more serious than this figure indicates. In one industry alone - asbestos -

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4. Figures for the U.K. are available. The Robens Report notes that roughly 800 workers die each year from officially certified occupational diseases. It also points out that this figure "understates the actual number of deaths" because workers are included in the statistics only if their dependents qualify for a pension. See: Safety and Health at Work, op. cit., p. 161, Table 1. There are other reasons why the official statistics under-report the number of fatalities from occupational diseases. It is frequently difficult for a worker to prove that his illness is the result of industrial causes. Some occupational diseases only appear 20 or 30 years after initial exposure. Thus an individual might not realize that his illness was connected with his former employment. Even in the Coal Industry which is fairly progressive in this regard, there are arbitrary standards which exclude workers from being certified. For example, a miner must work in the industry for 10 years before he can be certified as having pneumoconiosis. Yet there are cases of men who entered the pits at 14 becoming disabled by the time they were 24 and thus not qualifying. Dai Coity Davies, "Pneumoconiosis: The New Scheme" Labour Research Vol. 64, No. 5 (May, 1975). For a good discussion of how the official statistics minimize the extent of the hazards workers face, see: John Grason and Charlie Goddard, "Industrial Safety and the Trade Union Movement" Workers' Educational Association: Studies For Trade Unionists, Vol. 1, No. 4 (Dec., 1975) pp. 12-15.
 5. Dan Corditz, "Safety on the Job Becomes a Major Job for Management" Fortune (Nov., 1972) p. 113. See also: Patrick Kinnersly, The Hazards of Work (London, 1973) p. 12; Jerome B. Gordon, Alan Akmon and Michael L. Brooks, Industrial Safety Statistics: A Re-examination, United States Department of Labour (Washington, 1971).
 6. Report on the Occupational Health and Safety Department (April, 1972) as cited by Franklin Wallick, The American Federationist (December, 1974), See also: John R. Oravec, "The Continuing Fight for Job Safety", op. cit., p. 1.

the mortality rate is, quite simply, unbelievable. According to Dr. Irving J. Selikoff of Mount Sinai Hospital in New York, for every 100,000 employees who work in the U.S. asbestos industry, 20,000 die of lung cancer, 7,000 of asbestosis and 7,000 of mesothelioma (another form of cancer).⁷ There are over 200,000 currently working in the industry while an estimated 1,000,000 other workers handle asbestos products.⁸ In the United Kingdom, a recent analysis by Patrick Kinnersly concluded that the actual number of deaths from accidents was more than 2,000 while the number of injuries or illnesses involving more than 3 days absence from work was 1,000,000.⁹

The fact that industrial accidents and diseases take an alarming toll of lives and inflict great hardship on large numbers of workers does not, in itself, condemn the existing pattern of ownership and control. For the owners of industry may not be responsible for this tragedy. Indeed, one of the most frequently voiced arguments about

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7. Peter J. Smith, "For those in Peril on the Factory Floor", Nature, Vol. 251, (Oct., 18, 1974) p. 560. For a more detailed account of Dr. Selikoff's research see the series of articles by Paul Brodeur entitled "Industrial Casualties" Parts I-V, The New Yorker (Oct., 29; Nov., 5; Nov., 12; Nov., 19; Nov., 27, 1973). These have been reprinted in: Paul Brodeur, Expendable Americans (New York, 1974).
 8. Paul Brodeur "Industrial Casualties" Part II (Nov., 5, 1973). There has also been a notable increase of public concern about the dangers of asbestos in Great Britain during the past year. The Acre Mill factory of the Cape Asbestos Company at Hebden Bridge, Yorkshire, has received considerable publicity because 40 workers have died from asbestos since the factory was opened in 1949. Partly as a result of the publicity given to this factory, a number of similar incidents have come to light, emphasizing the extent of the problem. The response of the asbestos industry to the public's increasing concern about the dangers of its products has been to launch a £500,000 advertising campaign claiming that asbestos is not dangerous! See: The Guardian, Tuesday, March 30, 1976; The Times, Tuesday, March 30, 1976; B.B.C. II special report on Cape Asbestos, Tuesday, March 30, 1976; The Guardian, Wednesday, April 1, 1976; The Guardian, Monday, April 12, 1976; The Guardian, Tuesday, May 18, 1976.
 9. Patrick Kinnersly, The Hazards of Work, op. cit., p. 13. Official statistics do not reveal the extent of injuries and deaths because employers are anxious to conceal these matters. The more accidents they report, the more likely they will be to be visited by the factory inspectorate - visits which can result in orders to make costly changes in working procedures or equipment. High accident and disease rates also give unwanted publicity and thus undermine the image that most owners wish to convey as "good employers."

accidents at work is that human error and carelessnesses are the prime culprits. In testimony before a Committee of the U.S. House of Representatives in 1968, a spokesman for the U.S. Chamber of Commerce, J. Sharp, articulated the view of employers when he asserted that "...80 to 90 percent of the injuries which are occurring in our company are due to human failure rather than a piece of equipment, a machine or so on."¹⁰

A more sophisticated answer to the question 'what is the major source of industrial accidents?' was put forward by the Robens Committee in its 1972 report Safety and Health at Work. The Committee asserted that "...the most important single reason for accidents at work is apathy."¹¹ It went on to argue that "...safety is mainly a matter of the day-to-day attitudes and reactions of individuals..."¹² Workers and managers, it claimed, were insufficiently aware of the hazards in industry, largely because "...serious accidents are rare events in the experience of individuals."¹³ While the Robens report did not suggest that responsibility for accidents lay primarily with careless workers but rather in a more general lack of concern about safety, the implications of its view are broadly similar to the one articulated by the representative of the U.S. Chamber of Commerce: the source of occupational accidents and diseases is primarily in the attitudes of individuals and not in any inherent

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10. J. Sharp, as cited by Ray Davidson "Peril on the Job" The American Federationist, (November, 1970) p. 16. As we shall see, this figure is inaccurate.
 11. Safety and Health at Work, op. cit., p. 1.
 12. Ibid., p. 1.
 13. Ibid., p. 1. For an alternate view of the causes of accidents see: G.R.C. Atherley, R.T. Booth and M.J. Kelly, "Workers Involvement in Occupational Health and Safety in Britain" International Labour Review, Vol. 111, No. 6 (June, 1975) pp. 478-482.

conflict between the interests of owners and workers.¹⁴

The argument that accidents are the result of indifference or carelessness has been made more plausible by the contention that it is in the interests of both employers and workers to reduce accidents. Although most industrial relations theorists acknowledge that conflicts of interest exist between profits and wages, they reject the notion that similar conflicts exist between profits and health.¹⁵ In this area, they assert, common interests prevail. Governments, too, have accepted this view. For example, the Robens Committee stated that in their view "...there is a greater natural identity of interest between the two sides in relation to safety and health problems than in most other areas."¹⁶ They went on to argue that "There is no legitimate scope for 'bargaining' on safety and health issues but much scope for constructive discussion,

14. Not surprisingly, the Robens Report has been subjected to considerable criticism by trade unionists. The analysis that 'apathy' is the primary cause of accidents has been disputed by numerous writers who point to the repeated failure on the part of management to spend sufficient resources on health and safety. A second major argument of the report - that there is too much law associated with health and safety - has also been challenged. Although the report notes that the Factory Inspectorate found an average of two to three serious violations of the law on each of its 300,000 visits to factories in 1971, only 3,000 charges were laid against firms. Thus critics argue that what is needed is not less law but rather effective enforcement of existing laws along with increased penalties for violations. See, for example; "Robens and Safety" Labour Research (Sept. 1972); Theo Nichols and Pete Armstrong, Safety or Profits (Bristol, 1973); Denis Gregory and Joe McCarthy, The Shop Stewards' Guide to Workplace Health and Safety (Nottingham, 1975); Tony Topham, "Health and Safety: A Question of Workers' Control", I.W.C. Pamphlet, No. 39 (Nottingham, 1974); Geoffrey Sheridan, "Work: Health Hazard" The Guardian (Tues. Jan. 15, 1974) p. 16; Public Interest Research Centre, "Memorandum on the Recommendations of the Robens Committee" (London, 1972).

15. Indeed, it is remarkable that contemporary industrial relations theorists have found so little time to examine the issue of health and safety. For the most part, they have simply accepted the view that employers are as anxious as workers to improve standards in this area. Perhaps because they have not seen this issue as a source of conflict, they have not thought the area worthy of research. It seems more likely, however, that they have been too preoccupied with problems which employers define as important, such as strikes and industrial unrest, to be concerned with problems that affect shop-floor workers.

16. Safety and Health at Work, op. cit., p. 21.



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weaknesses.¹⁸ It ignores the fact that health and safety precautions cost money. They cut into a company's profits and undermine its competitive position. They shift resources from 'productive' to 'non-productive' activities. Thus to protect the health and safety of employees, companies must be willing to sacrifice profits which would otherwise accrue to shareholders. Although all firms make some concessions in this area, the question is how much production they are willing to sacrifice for the benefit of workers. The answer, in our view, is very little.

This is not to deny that many companies attempt to reduce some of the hazards their employees face. But such attempts are confined within a narrowly-defined range of commercial alternatives. Better health and safety is provided as long as it does not cost too much. And the definition of "too much" is made by shareholders who do not face the risks, rather than workers who do. Thus the issue is not primarily one of insensitive or callous managers who do not care about the lives of

18. Several U.S. studies have attempted to assess the role of worker carelessness. According to Dan Corditz "...a 1967 survey of industrial injuries in Pennsylvania concluded that only 26 percent were the result of employee carelessness." Dan Corditz, Fortune, "Safety on the Job Becomes a Major Job For Management" (Nov., 1972) p. 114. Two studies by the Safety and Fire Protection Committee of the U.S. Manufacturing Chemists Association looked into the causes of accidents in the chemical industry. Of the 992 accidents examined, 402 were the result of poorly maintained or badly designed equipment. Unsafe working procedures established by companies accounted for another 356 accidents. Only 75 accidents were clearly attributable to human errors, while another 116 were caused by a combination of bad equipment or methods of operation with human error. In short, of the 992 accidents, 758 were directly attributable to management while another 116 involved a shared responsibility between management and workers. See: Ray Davidson, "Peril on the Job" The American Federationist, (Nov., 1970) p. 14. A comprehensive review of the accident research literature, prepared for the Robens Commission, also questioned the theory that accidents were primarily a result of individual carelessness or accident prone individuals. It argued that accidents could only be understood in the context within which they occurred. Some jobs clearly involved more risk than others, hence explanations which emphasized the attitudes or psychological quirks of individuals neglected what was probably the most important source of accidents - the existence of hazards on the job. See: A.R. Hale and M. Hale "A Review of the Industrial Accident Research Literature", National Institute of Industrial Psychology (London, H.M.S.O., 1972).

their employees.¹⁹ Rather it concerns the institutional pressures under which managers operate. Those who sit in the boardrooms of industry are concerned, above all, with maximizing profits. They are frequently unfamiliar with the specific situations in each shop or factory owned by their firm. They do not know about, and frequently have little interest in, the hazards faced by their employees on the shop floor. From their point of view, the most important indicator of the success of each of their firm's divisions is the balance sheet. This means that they exert constant pressure on lower-level management to maximize the profits of the divisions under their control.²⁰ If a manager allocates too much of his firm's resources to safety measures, he reduces the profitability of his division. According to the criterion used by his supervisors to assess his performance, he is a failure and should be replaced by a man more attuned to the financial goals of the enterprise. The fact that his humane policies may have saved the lives of some of his employees is irrelevant, for his success is gauged not by the number of accidents or fatalities his policies have prevented, but by the profitability of the division under his authority. Under such circumstances, managers anxious to maintain or improve the 'performance' of their enterprises - and to keep their jobs - are forced to cut corners on health and safety.

This is exacerbated by the competitive market framework which places additional pressures on managers to emphasize efficiency and profits. Companies which allocate too much money to such matters lose their competitive edge. and as long as it is possible for one company to gain

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19. However, anyone familiar with reports on accidents and occupational diseases - such as the series of articles by Paul Brodeur in the New Yorker cited earlier - cannot but conclude that there are more callous and indifferent managers than would seem possible in a 'civilized' society.
20. For an excellent discussion of how the pressure to keep up production influences the behaviour of lower-level supervisors see: Theo Nichols and Pete Armstrong, 'Safety or Profits' (Bristol, 1973) pp. 13-25. See also: Ray Davidson, 'Peril on the Job' op. cit., pp. 16, 17.

advantage over its rivals by ignoring health and safety precautions, pressure is exerted on all others to do likewise. Each company can justify its practices with the argument that its competitors are doing the same thing. Moreover, as companies are increasingly multi-national in scope, the fact that some countries are lax in their enforcement of health and safety standards means that companies wishing to avoid large expenditures in this area can, and do, move to more profitable locations.

Another factor of considerable importance is that companies rarely bear the full costs of occupational accidents or diseases. Medical expenses are usually paid for by the state, while workmen's compensation benefits do not remotely approximate to the loss in income to the workers affected.²¹ Because the costs of industrial accidents are largely borne by workers and the community, rather than business, managers have little financial incentive to improve standards.²² Even the more narrowly economic inefficiencies created when workers are permanently disabled and therefore no longer able to contribute to the economy are avoided by the individual firm. They are categorized, to use the language of the economists, as 'externalities'.

When we look more closely at the safety and health precautions taken by companies we find that they usually involve inexpensive ways to

21. For an outline of the inadequacies of the U.S. system of workmen's compensation see: James O'Brien, "More Injuries Less Compensation" The American Federationist, (Feb., 1970) pp. 18-24. O'Brien notes that in many states the average level of compensation is less than one third of the workers customary wage. In one state - Louisiana - it is one fifth! The maximum benefit in over half the states is below the officially designated poverty level. For a discussion of compensation in Britain see: Patrick Kinnersley, The Hazards of Work, op. cit., pp. 263-313; Denis Gregory and Joe McCarthy, The Shop Steward's Guide to Workplace Health and Safety, op. cit., pp. 50-53.

22. The injured employee can, of course, take civil action against his employer. However, according to Professor P.S. Atiyah, only one in ten who does so wins his case. As the legal costs involved are usually quite high and the chances of success very low, many workers with justifiable claims are deterred from taking action. P.S. Atiyah, Accidents, Compensation and the Law (London, 1970) as cited in Safety and Health at Work, op. cit., p. 144.

reduce accidents and health hazards without making major changes in the production process. Rather than eliminating the safety hazards inherent in the design and lay-out of machinery, companies issue safety glasses, safety shoes and similar protective equipment. As one company official noted: "Safety, when you get right down to it, is a matter of costs. Safety glasses cost \$3.00 per employee. On the other hand, safety shoes cost \$14.00."²³ He might have mentioned that re-designing equipment or adopting new methods of work to avoid hazards often costs tens of thousands of dollars. It is cheaper to give an employee a \$3.00 pair of safety glasses and keep the unsafe machine in use.²⁴ And, if the worker is injured, the company can use the fact that it issued safety equipment to avoid liability for his injury.

Campaigns designed to persuade workers that accidents are largely a matter of individual carelessness are thus of considerable economic benefit to management. By diverting attention from employer responsibility, expenditures on safer equipment and methods of working can be minimized. When accidents do occur, the employer can avoid paying compensation and reduce the risks of being sued for negligence.²⁵ And, finally, such campaigns can reduce interference by government and trade unions who might otherwise demand a greater say in the design and development of new technologies and work methods. Thus they safeguard managerial prerogatives in this area.

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23. Dan Corditz, "Safety on the Job Becomes a Major Job for Management", op. cit., p. 116.
24. Walter Johnson, "Assembly-Line Merry Go Round" Canadian Forum, July, 1974, p. 10. This point is supported by a Fortune Survey on the reactions of U.S. business to the 1970 law; "Manufacturers are most worried about the cost of eliminating safety hazards on machinery and reducing noise to the levels required under the law." Dan Corditz, "Safety on the Job Becomes a Major Job for Management", op. cit., p. 117.
25. Walter Johnson, "Assembly Line Merry Go Round" op. cit., p. 10; John Grayson and Charlie Goddard, "Industrial Safety and the Trade Union Movement", op. cit., pp. 7-12.

A study by Nichols and Armstrong, for example, revealed that company rules and regulations were set up in such a way that they protected management rather than the workers whose lives were at risk.²⁶ This was so because it was simply impossible for workers to meet production quotas without breaching safety regulations. Although management pressurized workers to maximise output and turned a blind eye to violations of the safety regulations made to meet such quotas, when workers were injured it blamed them for their injuries on the grounds that they had ignored the regulations. Nichols and Armstrong also found that injured workers were frequently disciplined - a practice which encouraged workers to avoid reporting accidents, and this made their firm's safety record look better than it actually was.²⁷

Companies have persistently obstructed attempts by workers and trade unions to know more about the hazards of their jobs and the precautions that ought to be taken.²⁸ Workers handling chemicals, for example, are frequently denied information about the composition of the products they work with. There are cases of companies deliberately removing all indications of the contents of containers after they realized that safety-conscious workers were looking up the dangers of such substances and demanding appropriate precautionary measures.²⁹ The argument normally used by management to justify concealment of the names and formulae of chemicals is that they are "trade secrets."³⁰ But the real argument is that safety measures cost too much money.

26. Theo Nichols and Pete Armstrong, Safety or Profits, op. cit., pp. 15-25.

27. Ibid., pp. 22-25. See also: John Grayson and Charlie Goddard, "Industrial Safety and the Trade Union Movement", op. cit., pp. 8, 9.

28. Ray Davidson, "Peril on the Job" op. cit., p. 15. Patrick Kinnersly, The Hazards of Work, op. cit.; Peter J. Smith, "For those in Peril on the Job", Nature, Vol. 251, (Oct., 18, 1974) pp. 561, 562; Paul Brodeur, "Industrial Casualties" Parts I & V, op. cit.

29. Ray Davidson, "Peril on the Job", op. cit., p. 15.

30. Ibid., p. 15; Peter J. Smith, "For Those in Peril on the Factory Floor", op. cit., p. 561; Patrick Kinnersly, The Hazards of Work, op. cit., Ch. 10.

Foremen and lower level supervisor employees are also frequently kept in ignorance of the hazards of the substances their workers handle. At the same time they are put under intense pressure to maximize the output of the workers under their authority. Because they do not know whether substances are hazardous and because safety precautions reduce output, they tend to demand that jobs be done in the most productive way. If workers are hurt, foremen can plead ignorance. Higher level management can claim that they were unaware that precautions were not being taken by lower level supervisors. Thus responsibility is effectively evaded by the company.³¹

Similarly, medical reports of company doctors are normally withheld from workers. This means that employees suffering from initial signs of occupational diseases may be denied knowledge of the fact.³² Moreover, unions are not given access to statistics concerning illnesses among their members. This is important because such information would indicate if particular ailments appeared with unusual regularity among certain groups of workers. It would also enable unions to compare the incidence of particular diseases in companies using similar processes and thus identify industry-wide hazards more quickly. Yet as Patrick Kinnersly points out, managers do not allow company physicians to release such information because it could be used to sue the company for negligence or to force it to invest in costly health precautions.³³ Indeed, it is virtually unknown for company doctors, who are ostensibly hired to protect the health of employees, to testify against their employer. The company physician is often more preoccupied with protecting his

31. Theo Nichols and Pete Armstrong, "Safety or Profits", op. cit., pp. 21-30.

32. Paul Brodeur, "Industrial Casualties", op. cit., Part II; Ray Davidson, "Peril on the Job", op. cit., p. 17.

33. Patrick Kinnersly, personal interview, October 18th, 1975.

firm from litigation and covering up its unsafe practices than he is with eliminating the sources of danger to employees.³⁴

Although companies have publically asserted their commitment to the welfare of their employees, they have opposed legislation which would guarantee minimum standards in this area. When it was clear that it was impossible to forestall such legislation, they lobbied vigorously to keep standards low. In the United States, for example, the Occupational Health and Safety Act was fought, clause by clause, by business interests anxious to minimize the costs of new safety equipment and procedures. According to Fortune, "The measure...was vigorously opposed by the U.S. Chamber of Commerce, the National Association of Manufacturers, the Iron and Steel Institute, the Manufacturing Chemists Association and other business groups."³⁵

The A.F.L. - C.I.O., according to its house journal, the American Federationalist, "jealously guards every comma and subsection of that law" because employers have continued to press Congress to relax some of its more stringent provisions.³⁶ Typical of the tactics used by U.S. business to prevent legislation is the recent campaign to prevent more stringent noise regulations. Companies have asserted that the cost of such legislation would be prohibitive. To reduce the maximum level

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34. John R. Oravec, "The Continuing Fight for Job Safety", op. cit., pp. 1, 2. See also: Ray Davidson, "Peril on the Job", op. cit., p. 17; Patrick Kinnersly, The Hazards of Work, op. cit., pp. 190-192. When Paul Brodeur, a journalist investigating the deaths of large numbers of asbestos workers, asked their company physician if he would give any details of his examinations, the doctor replied no. His reason was that he would infringe on the rights, not of his patients, but of his employer! Paul Brodeur, "Industrial Casualties", Part II, op. cit.
35. Dan Corditz, "Safety on the Job Becomes a Major Job for Management", op. cit., p. 115. This is confirmed by the A.F.L. - C.I.O. who fought in support of the bill during its passage through Congress: See; John R. Oravec, "The Continuing Fight for Job Safety", op. cit., p. 1.
36. Franklin Wallick, The American Federationalist, (Dec., 1974) p. 21. It is worth noting that Sweden already has passed legislation more stringent than anything proposed in the U.S.

to 90 decibels, they argued, would involve \$15 billion in additional costs while a reduction to 85 decibels would increase this to \$30 billion.³⁷ The human cost to the hundreds of thousands of workers whose hearing would remain in danger if such laws were not passed was, however, of little concern to them.

Similar costing was done prior to the enactment of the 1970 Act in order to scare legislators into reducing the stringency of the bill's provisions and thus keep U.S. business more competitive on the world market.³⁸ Such clear recognition of the effects of health and safety regulations on the balance sheet, when coupled with active lobbying to prevent government from imposing such standards, belies the claim that workers and owners have a common interest in this area.

Companies have not limited their opposition to legislation on industrial health and safety, however. They have also opposed the expansion of the number of full-time factory inspectors charged with enforcing the existing laws. In Britain, in 1971, there were 714 inspectors charged with enforcing the Factories Act, 135 inspectors under the Mines and Quarries Act, 44 inspectors for agriculture and a small number of local authority inspectors.³⁹ Thus the entire working

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37. Harry Conn, "Quieting Ear Pollution", The American Federationist, (Oct., 1975) pp. 21-25. See also an earlier article by the same author: "The Ear Pollution: Noise" The American Federationist (Oct., 1971). For a discussion of the problem of noise in Britain see: Tony Fletcher, "Noise: Fighting the Most Widespread Industrial Disease" The British Society For Social Responsibility in Science (London, 1975).
38. Dan Corditz, "Safety on the Job Becomes a Major Job for Management" op. cit., pp. 115, 117. According to Corditz, the National Association of Manufacturers claimed that the 1970 law would cost \$10 billion. They also estimated that for companies employing more than 5000 workers the cost would be \$7,146,000! Although the question of how such an exact figure could be calculated is worth raising, the important point is that companies have used such estimates to plead that they could not afford better safety measures.
39. Patrick Kinnersly, The Hazards of Work, op. cit., pp. 240-243. This is exacerbated by the fact that large amounts of the inspectorate's limited funds are absorbed by costs associated with taking a few employers to court. See: O.H. Parsons, "Accidents: A Tougher Line" Labour Research, Vol. 62, No. 11, (Nov., 1973) p. 235.

population of Britain was 'protected' by less than 1,000 inspectors. As a consequence, the average factory was inspected once every four years and many small factories were not inspected at all - unless, of course, a worker was killed or seriously injured.⁴⁰

Although enforcement in the U.S. varies from state to state, the general picture is the same. In 1968, George Meany, the President of the A.F.L. - C.I.O., submitted a brief to the congressional committee deliberating on the bill which subsequently became the Occupational Health and Safety Act of 1970. Meany pointed out that in the highly industrialised state of Ohio there were more fish and game wardens than factory inspectors - 109 and 79 respectively.⁴¹ Subsequent research revealed that Ohio was actually progressive in this regard. In Alabama, the ratio was 105 to 12, in Arizona 55 to 5, in Missouri 145 to 19 and in Oklahoma 15 to 5. For the entire United States there were only 1,661 inspectors in 1968.⁴²

The problem is exacerbated by the lack of research funds to identify health and safety hazards and to improve existing practices. In 1971, for example, only 40p. per worker was spent by the Factory Inspectorate on research.⁴³ This lack of funds is particularly important in fields such as industrial chemicals where an average of 3,000 new products are

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40. Patrick Kinnersly, The Hazards of Work, op. cit., pp. 240-243. For a good account of the problems of understaffing see: Denis Gregory and Joe McCarthy, "The Shop Stewards Guide to Workplace Health and Safety", op. cit., pp. 38-41; and Theo Nichols and Pete Armstrong, "Safety or Profits", op. cit., pp. 1, 2; John Grayson, "The Flixborough Disaster" Institute For Worker's Control; Pamphlet No. 41 (Nottingham, 1975) pp. 12, 13.
41. George Meany, "Job Safety: A National Tragedy" The American Federationist, (April, 1968) p. 10.
42. Ibid., p. 10. See also: "O.S.H.A.: Why the Frustration" The American Federationist, (May, 1975) pp. 14-19.
43. Theo Nichols and Pete Armstrong, "Safety or Profits", op. cit., p. 2.

introduced each year and where the expense of testing is so high that the regulatory agencies often cannot afford to carry out proper research. Frequently, they simply accept the claims of manufacturers until a chemical is shown to have a deleterious effect.⁴⁴ By then, of course, it is too late for the workers concerned.

Although the enforcement and research facilities of regulatory agencies in the U.S. and U.K. are inadequate, when companies are caught violating the law, the penalties are so small that they do not act as effective deterrents. Under the 1961 Factories Act, the maximum fine was £300. The average fine in 1971 was £40. In that year, 269,000 accidents were reported, but only 1,330 prosecutions were made.⁴⁵ The 1974 Act does provide stiffer penalties including unlimited fines and up to 2 years in jail for some offences. But it remains to be seen whether the courts will impose heavier sentences. Past experience reveals that British judges have been extremely lenient towards companies violating the law.⁴⁶

Turning to the United States, the unwillingness of the government to view industrial offences seriously is even more pronounced. Under the

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44. In Britain, according to Kinnersly, total Government expenditure on research and enforcement is just over £10,000,000. In the U.S. the federal government's 1975 appropriation was \$102,500,000. See: Patrick Kinnersly, The Hazards of Work, op. cit., p. 243; John R. Oravec, "The Continuing Fight for Job Safety", op. cit., p. 2.
45. Theo Nichols and Pete Armstrong, "Safety or Profits", op. cit. p.2. However, the new Chief Inspector of Factories seems more progressive than his predecessor. In 1973 there were just over 1800 prosecutions - not by any means enough in this writer's opinion, although some improvement over the figure quoted above. See: The Annual Report of the Chief Inspector of Factories, 1973, H.M.S.O. as cited by Labour Research, (January, 1975) p. 6.
46. There has been some controversy about the implications of the new act, especially among trade unionists. Insofar as it adheres to the philosophy and recommendations of the Robens Report, it suffers from the deficiencies discussed earlier. However, the act includes 5,000,000 workers not previously covered by any legislation on health and safety which is certainly an improvement. The ceilings on fines and other penalties are also considerably greater. And, the new industry-wide committees on safety may prove worthwhile innovations. See: Denis Gregory and Joe McCarthy, The Shop Stewards' Guide to Workplace Health and Safety, op. cit.; John Grayson and Charlie Goddard, "Industrial Safety and the Trade Union Movement" op. cit.

1970 Occupational Safety and Health Act, the average fine has been less than 30 dollars.⁴⁷ In a recent article in the A.F.L. - C.I.O.'s official journal, the American Federationist, John R. Oravec gave a typical example of the attitude of the Occupational Safety and Health Administration towards violators:

(W)hen 14 construction workers were killed and 34 injured in the collapse of a high-rise apartment complex at Baileys Crossroads, Virginia, the total penalty amounted to \$13,000.

A concrete subcontractor for the project was found in wilful violation of three federal standards, including the premature removal of concrete forms from the 23rd floor after the 24th floor was poured. U.S.H.A. also charged the company with using damaged timber for shoring on two lower floors and failing to provide guard railings.

The company contested the case to the Occupational Safety and Health Review commission. After a series of conferences the firm agreed to pay the \$13,000 penalty but made no admission to the charges. At that rate, the company paid a fine of about \$30 per injured worker and less than \$800 for each of the workers killed in the disaster.⁴⁸

Another difficulty is that factory inspectors frequently inform management of their intention to visit a workplace in advance. As a consequence, management has time to put things in order. Moreover, if managers know that they will be notified ahead of time before an inspector arrives, this may encourage them to ignore safety practices since they know that they are unlikely to be caught out.⁴⁹ As

47. John R. Oravec, "The Continuing Fight for Job Safety", op. cit., p. 6. "O.S.H.A.: Why The Frustration" The American Federationist, (May, 1975), pp. 14-19. This latter article gives a good summary of the weaknesses of the act from the perspective of the A.F.L. - C.I.O. See also: Paul Brodeur, "Occupational Casualties" Parts I-V, op. cit. Brodeur documents the failure of the O.S.H.A. to enforce the regulations concerning exposure to asbestos. Other discussions of the reluctance of the U.S. federal government to exercise its authority can be found in: Ralph Nader, et. al., Bitter Wages (New York, 1971); Rachel Scott, Muscle and Blood, (New York, 1974).

48. John R. Oravec, "The Continuing Fight for Job Safety" op. cit., p. 6.

49. In a conversation with Patrick Kinnersly on Oct. 18, 1975, he told me that he had obtained samples of the cards sent out by factory inspectors. My father, who worked as a carpenter until his retirement last year, used to say that he always knew when the construction safety inspector was coming because, the day before his arrival, management would suddenly decide to clean up the site and remove all safety hazards. The day after, of course, safety would again be ignored.

Ray Davidson of the U.S. Oil, Chemical and Atomic Workers Union caustically noted: "It is as if a policeman with search warrant in hand should telephone ahead to a suspect and say: 'We're coming to your place the day after tomorrow to see if you have any heroin on the premises...'"⁵⁰

IV

The literature on industrial health and safety abounds with examples of gross negligence on the part of companies anxious to cut corners and boost profits at the expense of their workers. For example, in a recent series of articles in the New Yorker, Paul Brodeur described the operation of a small asbestos plant located in Tyler, Texas. The plant, owned by the Pittsburg Corning Company, was inspected on a number of occasions between 1955 and 1973.⁵¹ On each occasion the level of asbestos dust was in excess of official limits. Each time the company promised the safety inspectors that they would remedy the situation but did not do so.⁵² At the same time, it told its employees that there was absolutely no risk to their health from the asbestos dust. The company doctor examined the workers and took X-rays of their lungs on several occasions during the period. He, too, claimed that asbestos was not a health hazard even though the Occupational Safety and Health Administration had sent him several circulars on its dangers.⁵³

50. Ray Davidson, "Perils on the Job" The American Federationist, (Nov., 1970) p. 17.

51. Paul Brodeur, "Industrial Casualties", op. cit., Part I. See also: John R. Oravec, "The Continuing Fight For Job Safety", op. cit., pp. 20, 21.

52. On one occasion it was fined \$210.00. The final inspection, before the plant was closed, resulted in another fine of \$6,999.00. Although the company was in serious violation of the law, the inspectors were unwilling to penalize it heavily. See: Paul Brodeur, "Industrial Casualties", op. cit., Part I, p. 106, Part II, p. 108.

53. Ibid., p. 108.

However, in 1971 a combination of events began which led to the closure of the plant two years later. A new doctor in the Occupational Safety and Health Administration came across the files of earlier inspections of the plant and informed the union of the hazard that existed there. After some research, the union gave a press conference, using it as an example of the negligence of companies in the asbestos industry.⁵⁴

Although such publicity normally dies down, and certainly the company hoped that this would happen, it did not, primarily because the firm was endangering local residents by polluting the air with asbestos dust. It was also selling tens of thousands of asbestos-ridden burlap bags to a local nursery which, as it turned out, was the largest supplier of rose bushes in the United States. Hundreds of thousands of roses wrapped in the contaminated bags had been shipped throughout the country. Ironically, it was because the asbestos plant posed a threat to the local community and to rose buyers rather than its workers that the campaign against Pittsburg Corning continued.⁵⁵

Once it realized that the issue was not going to die down, the company responded by claiming that the cost of installing new safety equipment demanded by the Occupational Safety and Health Administration was too high. It then proceeded to close the plant, dig a huge pit in the ground and bury all the equipment used in processing asbestos. At the same time, it maintained that there had been no risk either to the community or its employees. This, of course, was to avoid liability for the damage done to the health of employees, residents of Tyler and rose lovers across the country. However, the National Cancer Institute thinks differently: it estimates that of 895 employees who worked at the plant during its 17 year history, 260 will die of cancer. Moreover, many others

54. Ibid., Part I

55. Ibid., Part II.

have experienced so much lung damage that they cannot pass the standard medical necessary to obtain another job.⁵⁶

The reason for the callous attitude of the Pittsburg Corning Company towards its workers is not that its top executives are ignorant of what is happening on the shop floor or that a few key managers have failed to recognize their moral obligations towards employees. Rather, as Paul Brodeur rightly points out, it stems directly from the view that workers are instruments of production.

Much of industry in the United States has long operated on the assumption that it could endanger the lives of its employees with relative impunity - and without embarrassing publicity and possibly damaging repercussions - as long as it did not overtly threaten the health and safety of the community at large. Underlying this assumption is the further assumption that workers are not so much a part of the community as part of the equipment and machinery of production. As such, upon being proved defective, they become expendable. They can be replaced or transferred, or, if worst comes to worst, given workmen's compensation (which in most states is minimal) and retired. At that point, they cease to be anyone's responsibility. Like the eight-hundred and ninety-five men who worked in the Tyler plant over the years, they are out of sight, out of mind. In a sense, therefore, like much of the factory itself, they are buried.⁵⁷

In the summer of 1975, a small factory in Hopewell, Virginia, which produced the pesticide Kapone, was shut down. According to David Bell of the Financial Times: "Twenty-nine former workers are in hospital with tremors, loss of memory, slurred speech, loss of weight, erratic eye movements, and liver damage."⁵⁸ So lax were the company's safety precautions that when health inspectors visited the plant they "...found a film of kapone dust, 95 per cent pure, all over the tables in the

56. Ibid., Part V.

57. Ibid., Part II, pp.128-130.

58. David Bell, "The Unknown Poison" Financial Times, (Jan., 9, 1976) p. 4; Simon Winchester, "The Job that Poisoned a Town Called Hopewell" The Guardian (Feb., 18, 1976).

canteen."⁵⁹ If it had not been for the competence of two doctors who recognized that one of their patients, an employee of the firm, was suffering from kapone poisoning, the plant might still be operating today.

Yet the company, ironically named Life Science Products, disclaims responsibility for the damage done to its employees, arguing that because the pesticide was not on the Government's prescribed list it had no reason to suspect that kapone was dangerous. Disingenuous as this argument is, the reason underlying the firm's attempt to escape responsibility is clear: a 29 million dollar lawsuit by former employees. What is more disturbing, however, is the fact that 36 other companies also produce the chemical. They were not notified of its hazards by the U.S. Occupational Safety and Health Administration until January, 1976. Thus thousands of other workers may also be suffering from exposure to it.⁶⁰

In the spring of 1976, seven men working at the Wheeler and Pearsall factory in Market Drayton, Shropshire, began to feel headaches and dizziness as they worked on a batch of zinc dross. After they had been admitted to hospital, it was realized that they were suffering from poisoning from arsine gas emitted during the production process. Once in the bloodstream the arsenic began to destroy their red blood cells and each man had to be given more than 16 pints of blood in the effort to save their lives. It was not enough to save one of the workers, however, a 22 year old man who had just been married. The other six survived, but will suffer from major nervous disorders for the rest of their lives. The company, which was convicted of negligence, was fined £200 although, according to Oliver Gillie, the Factory Inspectorate "...estimated that arsine gas in the air at the factory was between 22 and 80 times the permitted level."⁶²

59. David Bell, "The Unknown Poison" op. cit., p. 4.

60. Ibid., p. 4.

61. Oliver Gillie, "The Low Cost of Risking Factory Workers' Health" The Sunday Times (May, 23, 1976) p. 3.

62. Ibid., p. 3.

Although hundreds - perhaps thousands - of other examples could be uncovered, the essential point would be the same: the priority placed on maximizing output and profits gives rise to a situation where the well-being of workers is ignored. Of course, not all accidents can be prevented. But many more could be, if sufficient time and resources were allocated to the task. Yet as long as the workers who would benefit most by such expenditures do not have the power to make them, and the owners who do have the power stand to lose by making them, it is difficult to see how the situation can be remedied.

Indeed, we cannot do better than to cite the criticism of the Robens Report made by Nichols and Armstrong - a criticism which has a much wider application than the report itself:

Flaccid generalizations about 'apathy' and a naive trust in the goodwill of men like themselves were, it seems, enough to convince Robens that the main problem was to allow this same goodwill free-rein. But then, the Robens Report was largely written by administrators, the kind of people for whom, maybe, the thought comes hard that the real safety and health problem is to protect workers against the inherent 'unnatural' excesses of a society dominated by the market; a society in which some men are paid to squeeze as much production as possible out of others. Blind to this, they never saw that what lies behind so many accidents is not an apathetic state of mind but a preoccupation with the concrete reality of getting the job out. Most of all, they never realized that in a society deeply divided between those who control and those who are controlled, goodwill, however much of it exists, is simply not enough; that since safety is a question of putting people before production, the people who do the producing must have power to ensure that their safety is put first.⁶³

V

Yet if the deleterious effects of private ownership and control are most visible in the area of health and safety, they are by no means

63. Theo Nichols and Pete Armstrong, "Safety or Profits", op. cit., p. 30 (their emphasis).

limited to it. Another area of concern is the impact of narrow, circumscribed jobs on mental health. Although writers from Adam Smith onwards have speculated that simple, repetitive work had a stifling effect on the minds of those performing it, the precise nature of this effect has always been difficult to assess. Indeed, there are some theorists, such as Clarke Kerr and John T. Dunlop, who contend that workers compartmentalize their jobs from the rest of their lives such that the effects of routine work do not "spill-over" into other areas of life.⁶⁴

Others have not been so optimistic. The most extensive study of the psychological impact of work is Arthur Kornhauser's The Mental Health of the Industrial Worker. The purpose of Kornhauser's research was to find out which of two opposing views presented a more accurate picture of the effect of work on mental health. Was the average manual worker "happy and well adjusted" or was he predominantly "bitter and depressed"?⁶⁵ And, more specifically, did "simple, unchallenging tasks tend to produce poor mental health", or, "did workers adjust to their work in such a way as to negate the harmful effects usually attributed to it"?⁶⁶

Kornhauser recognized the difficulties involved in defining a concept such as mental health and he examined a number of factors which he thought ought to be taken into account in arriving at a working definition of the term.⁶⁷ For example, he noted that problems such as cultural and class

64. Clarke Kerr, John T. Dunlop, et al. Industrialism and Industrial Man, op. cit.

65. Arthur Kornhauser, The Mental Health of the Industrial Worker, (London, 1964) p. 2.

66. Ibid., p. 2. There are a number of other valuable studies of repetitive, assembly-line work which provide support for Kornhauser's views. See: C.R. Walker and Robert H. Guest, The Man on the Assembly Line (Cambridge, Mass, 1952); Ely Chinoy, Automobile Workers and the American Dream (New York, 1955); Harvey Swados, On the Line (Boston, 1957); William Serrin, The Company and the Union (New York, 1973); Hew Beynon, Working for Ford (London, 1973).

67. Arthur Kornhauser, The Mental Health of the Industrial Worker, op. cit., pp. 11-15.

biases constitute significant limitations which had to be given consideration when assessing the mental health of working people.⁶⁸ Yet he believed that the difficulties involved ought not to obscure a fact which was equally important: some people clearly did enjoy better mental health than others. To say that mental health was indefinable was, implicitly, to claim that there was no such thing as mental illness. Consequently, he concluded that the problems involved in arriving at a working definition of mental health were not insurmountable as long as the limitations of such a definition were kept in mind.

Underlying Kornhauser's definition of mental health is the assumption that all individuals have certain basic needs. These needs are transformed into specific goals by a complex interaction of inherited traits and socialization.⁶⁹ In contemporary society, individuals strive to satisfy their needs through the attainment of a number of goals such as economic security, independence, social approval, a sense of accomplishment and, perhaps most importantly, self-esteem and personal worth.⁷⁰ Rejecting Maslow's hierarchy of needs theory, Kornhauser asserted that "...each person struggles, through all his activities, to maintain favourable self-feelings and to defend his sense of personal identity and worth when threatened by failures, frustrations and painfully irreconcilable wishes."⁷¹ Kornhauser summarised his approach to mental health in the following way:

68. Ibid., p. 17.

69. Ibid., pp. 12,13. This view has much in common with that of psychologists such as Erich Fromm. See: The Sane Society (London, 1956) Ch. 2.

70. Ibid., p. 13.

71. Ibid., p. 14.

...(G)ood mental health, as measured here, means that the persons so labelled have high probability of feeling well satisfied with their lives, definitely positive and favourable in their self-feelings, relatively free of nervousness and anxiety (especially true of middle aged). With probabilities slightly lower, they also tend to have high morale (trust in people and society, freedom from "anomie" or social alienation) and little manifestation of strong hostility. They are likewise somewhat less socially withdrawn. Mental health that is "not good" or "low" implies the opposite of these characteristics.⁷²

He then postulated that work would facilitate the attainment of good mental health to the extent that it allowed individuals to satisfy their needs, and impede it to the extent that it frustrated such needs. To verify this theory he selected a group of workers in the 'archetypal' mass production industry: automobiles. Kornhauser chose this industry because it employed skilled, semi-skilled and unskilled workers working within the same establishment, on the same product, and in basically the same conditions. Thus it was possible to eliminate a number of variables which would otherwise limit the significance of the findings.

Kornhauser's sample was composed of 655 workers in two age groups (20-29 and 40-49) and 402 of their wives. All lived in or near Detroit.⁷³ The sample was divided into two groups: a 'core', composed of 407 manual workers employed in thirteen automobile plants; and a comparison group of 248 workers with similar incomes in other occupations.⁷⁴ The comparison group included manual workers in eight factories located in the small

72. Ibid., p. 45.

73. Ibid., pp. 18, 19. Although many people have the impression that automobile plants consist only of an assembly-line, in fact there are still a surprisingly large number of skilled workers working in them. For a good outline of the various skills used in the industry, see: Ely Chinoy, Automobile Workers and the American Dream, op. cit., or C.R. Walker and Robert H. Guest, The Man on the Assembly Line, op. cit.

74. Ibid., pp. 18, 19.

towns surrounding Detroit, manual workers in six non-manufacturing companies in Detroit and office workers in three non-manufacturing and six automobile firms.⁷⁵ Thus Kornhauser had a representative cross-section of working class people with which to compare his findings on the 'core' group of auto workers.

Kornhauser's methodology was based upon the in-depth interview technique, but he supplemented the information so obtained with data from company records and other sources. From the material gathered in the interviews, Kornhauser placed each worker into one of three categories: high, medium or low mental health. This categorization was based upon the use of six indices of mental health: "manifest anxiety and emotional tension"; "self-esteem"; "hostility versus trust"; "sociability and friendship"; "overall satisfaction with life"; and, finally, "personal morale".⁷⁶ To check on the reliability of his assessment, Kornhauser gave forty interview transcripts to several noted clinical psychologists for their diagnosis of the mental health of the interviewees. Their evaluations coincided to a remarkable degree both with one another and with the assessment made by Kornhauser.⁷⁷ Comparisons were also made with the evaluations made by wives about the mental health of their husbands using these same indices.⁷⁸ Again there was a remarkable degree of agreement. Finally, an analysis of the interviews themselves confirmed that there was a high correlation among all six indices of mental health. Workers who had high anxiety levels were more likely to have low self-esteem, low satisfaction with life and so on. Conversely, those with low

75. Ibid., p. 18.

76. Ibid., p. 25. Kornhauser goes into considerable detail to explain and justify the use of these six indices and, subsequently, to discuss the mathematical significance of the correlations among them. Unfortunately, space does not permit us to give more than a brief account of his experimental design.

77. Ibid., pp. 31, 33.

78. Ibid., pp. 33, 34.

levels of anxiety were more likely to have high self esteem and high satisfaction with life.⁷⁹ All correlations were mathematically significant.⁸⁰

Kornhauser's next step was to analyze the findings to see if there was any relationship between the job a worker performed and his level of mental health. The data from the interviews showed unequivocally that the more routine the job, the lower the mental health of workers.

The overall results are clear and striking. When workers are classified into job levels by reference to skill and variety of work operations, responsibility and pay, mental health scores show consistent and significant correlation with the occupational hierarchy. The higher the occupation the better the mental health on the average. (his emphasis)⁸¹

While 50% of skilled and high semi-skilled young workers had high mental health scores, only 10% of young workers performing repetitive semi-skilled jobs had high levels of mental health.⁸² When this second category was sub-divided into machine-paced (i.e. assembly line) and non-machine-paced semi-skilled, the former category had only 7% with high mental health, indicating workers on the assembly line showed more signs of psychological damage than workers performing routine semi-skilled jobs.⁸³ A similar pattern emerged from the analysis of the

79. Ibid., pp. 27-28, 40-53.

80. Ibid., p. 46.

81. Ibid., p. 56.

82. Ibid., p. 57. It may be argued that the results of such surveys in automobile plants are of little significance because only a tiny proportion of the workforce functions under such conditions. This is true. And it is also true that the number of workers whose jobs are organized around a conveyor belt is fairly small as well - the usual figure cited is in the vicinity of 5%. The implication normally drawn from this is that because most workers do not experience a situation similar to that in an automobile plant, the findings of psychologists such as Kornhauser have little significance beyond the immediate group of workers studied. This view is mistaken, however. For while most people do not work in similar circumstances, the amount of discretion and control that they have over their work is not significantly greater than that of auto workers. Indeed, there are many jobs which are actually worse than that of the auto assembler.

83. Ibid., p. 57.

interviews of middle aged workers, although the proportion performing repetitive, machine-paced work having high mental health scores was 16%.⁸⁴ In the comparison groups in other occupations, similar results on the relationship of mental health and skill were found.⁸⁵ Thus it was clear that the job a worker performed provided a good indication of his state of mental health.

Yet Kornhauser realized that these findings did not confirm the theory that repetitive work had a detrimental impact on mental health. It was possible, for example, that individuals with poor mental health might be disproportionately represented in low skilled jobs. Poor mental health might prevent them from acquiring skills necessary to move into a more satisfying job. Conversely, those with good mental health might be more strongly motivated to advance into skilled jobs. Other factors such as education, family history and so forth might also be responsible for the disparities in mental health among different categories of workers. Thus Kornhauser felt that it was necessary to find further evidence which would demonstrate the connection between repetitive work and low mental health.

Job satisfaction appeared to provide this connection. As with the concept of mental health, Kornhauser acknowledged that the notion of job satisfaction was extremely complex. It depended upon the individual's psychological make-up, his attitudes towards work, his relations with other workers, his income and many other factors aside from the characteristics of the job he performed. Because it was a subjective response to the experience of work, it could not readily be equated with measurable factors such as the repetitiveness of a job. Despite this,

84. Ibid., p. 57.

85. Ibid., p. 60.

Kornhauser felt that there was a connection between job satisfaction and poor mental health.⁸⁶

A careful analysis of the interview data confirmed that workers with high job satisfaction had high mental health, while workers with low job satisfaction had poor mental health.⁸⁷ Kornhauser then attempted to discover what specific aspects of job satisfaction were most closely related to mental health. Was it the task itself, the level of wages, supervision, company policy, pension plans or any of a number of other variables?⁸⁸ Again he was able to confirm his hypothesis, for he found that the opportunity to use abilities was the factor most strongly correlated with good mental health.

The statistical analysis as a whole leaves no doubt of the relationship: workers' feeling regarding the use of their abilities is unmistakably associated with the superior mental health of the group in higher factory jobs and the poorer mental health at low job levels.⁸⁹

86. Ibid., pp. 78-82.

87. Ibid., pp. 83-85.

88. Ibid., p. 86.

89. Ibid., p. 98. It is interesting to compare Kornhauser's findings with those of E.L. Trist in the British Coal Industry. Trist wanted to find out why psychological stress (reflected in absenteeism, sickness and accident rates) increased when the Longwall method of mining was introduced after the Second World War. After comparing the traditional way of working in which a group of 6 men spread over 3 shifts performed all work at the coal face and were paid collectively, with the new method in which 41 men on 3 shifts performed separate tasks and were paid individually, Trist concluded that the restricted work roles and lack of cohesive social groups were responsible for the greater stress experienced by miners under the new method. To test this theory, he and several other members of the Tavistock Institute persuaded the Coal Board to experiment with a new method of organizing work which would utilize the technology of the Longwall system but re-arrange the tasks and social organization to restore the "responsible autonomy" of the older system. The 41 workers were given collective responsibility for all work at the coal face and paid a lump sum for their total production. Jobs were again rotated among the workers and cohesive work-groups were re-established. Under the new system, workers performed an average of 3.6 major tasks as opposed to the single task assigned them under the Longwall method. The result was to reduce unexplained absenteeism from 4.3% of the shifts to 0.4%. Sickness declined from 8.9% to 4.6%. And, accidents decreased to 3.2% from 6.8%. Interviews with miners confirmed that the new system was preferred to the old. See: E.L. Trist, "Social Structure and Psychological Stress" Paper presented at the Mental Health Research Fund Conference on: Research on Stress in Relation to Mental Health and Mental Illness, Lincoln College, Oxford, July 15-18, 1958. See also: E.L. Trist and H. Murray, "Work Organization at the Coal Face", Tavistock Institute (London, 1959); G.W. Higgins "Studies in Work Organization at the Coal Face" Human Relations, Vol. XII, No. 3, 1959.

A second, related factor was whether or not the job was intrinsically interesting. Income level (but not wages as such) also had some impact on mental health, as did repetitiveness and machine pacing.⁹⁰ Finally, the perceived importance or usefulness of a job also appeared to increase the satisfaction derived from it.⁹¹ Other factors such as supervision, social relationships, job security, physical conditions of work, and advancement opportunities had no discernible effect.⁹² Thus Kornhauser's original supposition that the characteristics of the job - whether skilled or unskilled, interesting or monotonous - are the most important factors contributing to variations in mental health was given support by his research.

Kornhauser also tried to find out if fulfilment at work influenced a worker's overall happiness and, particularly, the satisfactions derived from family and leisure activities. Analysis of the interview data provided support for the 'spillover' hypothesis, rather than the compartmentalist view.⁹³ Workers with satisfying, skilled jobs tended to have happier family relationships and more enjoyable leisure activities. They also tended to be more sociable and to be active in community activities.⁹⁴ Conversely, most workers performing repetitive senior semi-skilled jobs had not been able to develop hobbies or other interests to compensate for the deprivations of their work. In short, job satisfaction - at least among the 655 workers included in Kornhauser's

90. Ibid., pp. 123-127. The distinction between income and wages is that the former assesses the effect of the worker's standard of living while the latter gauges the perceived fairness of remuneration in relation to what other workers are paid.

91. Ibid., pp. 122, 127.

92. Ibid., pp. 93-97.

93. Ibid., pp. 192-194. For a good discussion of these two approaches to the relationship between work and leisure see: Stanley Parker, The Future of Work and Leisure, op. cit.

94. Ibid., pp. 195-198.

survey - had a significant, and often detrimental, impact on other areas of life.⁹⁵

Kornhauser also explored the impact of work on workers' personal goals and self images. He found that factory workers in general, and workers in repetitive, semi-skilled assembly-line jobs in particular, tended to have a massive orientation towards life. While 69% of his white-collar comparison group exhibited a "purposive life style" only 20% of middle aged and 30% of young factory workers had a similar orientation.⁹⁶ "These figures", Kornhauser concluded, "support the view that factory work tends to stifle ambition and initiative in young men, not only with respect to work career, but in ways that affect life away from work as well."⁹⁷ Another measurement of the attitudes of workers towards themselves assessed traits such as self-reliance, ambition, initiative and desire for success. Again the findings were disturbing, because they pointed to "...the very limited self expectations, the degree of passivity, fatalism and resignation that characterise many of the workers."⁹⁸ Factory workers, particularly those in unskilled jobs, had lost much of their desire for self-expression, personal development, and other goals associated with self-realization.⁹⁹

What is impressive in the men's reports of their life aims is the absence of larger horizons, the poverty of their aspirations and life expectations; the pedestrian, unaroused, unstimulated conception of their potentialities, whether for the enrichment of their private lives or for effective action towards social ends.¹⁰⁰

95. Ibid., pp. 203-207.

96. Ibid., p. 239. As we noted earlier, the white collar group had the same income as the blue collar workers.

97. Ibid., p. 239.

98. Ibid., p. 239.

99. Ibid., p. 242.

100. Ibid., p. 246. See also: C.A. Walker and Charles Guest, The Man On The Assembly Line, op. cit.

Kornhauser's explanation for such low aspirations was that impulses towards self-expression were so effectively "suppressed" by the factory system that they were eventually "abandoned". In this regard, the fact that older workers tended towards a more passive orientation towards life suggested that their work experience had driven them to accept a limited and restricted view of their human potential.¹⁰¹

Turning to what workers thought of themselves, Kornhauser found that unskilled factory work led to low levels of self-esteem and individual worth. While 67% of young white collar workers and 54% of non-factory workers in the comparison group had high levels of self-esteem, only 27% of young factory-workers in repetitive unskilled jobs had similar levels.¹⁰² These figures do not, however, convey an adequate

101. Ibid., pp. 250, 251.

102. Ibid., p. 253. Kornhauser's work has not gone uncriticized, however. Charles L. Hulin, for example, argues that Kornhauser's criteria for assessing mental health reflects a middle class bias. He also asserts that the methodology has major weaknesses arising from the fact that the interviewers might well have elicited the responses they wanted rather than obtaining an accurate picture of the attitudes and feelings of working people. And, Hulin contends that the alleged low mental health of assembly-line workers may be caused by other factors unrelated to the jobs they perform.

However, Hulin does not substantiate these criticisms adequately. On the first point, he simply assumes that cultural differences between the middle class interviewers and their working class subjects are sufficient to account for the low mental health scores obtained by the assembly line workers. But this does not explain why the comparison groups of blue collar workers had substantially higher levels of mental health. Nor does it indicate why unskilled workers in machine paced jobs should have lower mental health scores than other, similarly paid, unskilled workers. Moreover, it is difficult to see how a person scoring low on Kornhauser's six indices of mental health could be interpreted as having "normal" mental health. The fact that large numbers of working people have low self-esteem, low aspirations, high levels of anxiety and so forth does not mean that such psychological characteristics are desirable or that we should refrain from criticizing an industrial system which leads to such responses.

On the second point, Hulin simply ignores Kornhauser's extensive - and exhaustive - attempt to ensure that his research was methodologically sound. Finally, Hulin fails to note Kornhauser's attempt to separate the influence of the job from factors such as education, home background, poverty and other influences which could undermine the validity of his results. See: Charles L. Hulin, "Industrial Differences and Job Enlargement - The Case Against General Treatments" in John M. Shepard (ed.) Organizational Issues in Industrial Society (Englewood Cliffs, N.J., 1972) pp. 399-400.

image of what this means in human terms. The following are typical of the responses of workers to a question concerning their ability to "...make your future what you want it to be."¹⁰³

"Not me, I'm too dumb."

"No, I don't think I can; for one thing I don't have the ability."

"Guess I just haven't got it. My conditions are my own fault."

I don't know but there's something in me makes me feel I'm not doing much of what I really feel good about."¹⁰⁴

However, such negative self-images were a result of the job workers performed and not a reflection of the low aspirations of working people.

V

The conclusion that workers with challenging jobs tend to have better mental health has been corroborated by a number of other studies. In a review of recent American literature on this question, Claude Bowman has pointed to the convergence of post-war findings.

Skilled workers have few distinguishing characteristics except that they are the least likely to admit to having any worries; nor do their wives stand out as distinctive; semi-skilled workers, along with other blue collarites, are not especially happy either in general or in their marriages; but their wives frequently report feeling that a nervous breakdown is imminent. Unskilled workers report more general unhappiness and have a more negative self-image than any other group. Their wives are unhappy in their marriages and blame their husbands for this. They too feel that they are on the verge of a nervous breakdown...

It may be concluded from this investigation that the world of semi-skilled and especially unskilled workers is an unhealthy environment for them and their families. (His emphasis).¹⁰⁵

103. Ibid., pp. 352, 354.

104. Ibid., pp. 254, 255. See also: Richard Sennett and Jonathan Cobb, The Hidden Injuries of Class, op. cit., and Richard Sennett and Jonathan Cobb, "Betrayed American Workers" New York Review of Books, (Oct., 5, 1972) pp. 31-33.

105. Charles C. Bowman, "Mental Health in the Workers' World" in Arthur B. Shostak and William Gomberg (ed.), Blue Collar World, (Englewood Cliffs, N.J.) p. 374. The above conclusion draws on a survey of 2460 American adults documented in: Gerald Gurin, Joseph Veroff, and Sheila Field, Americans View their Mental Health (New York, 1960).

Kornhauser's findings had also been supported by the United States Task Force on work mentioned in the previous chapter. In assessing his research the authors of the report suggested he had underestimated the deleterious impact of routine work:

Arthur Kornhauser's well documented twenty-year old study of blue collar workers, Mental Health of the Industrial Worker, is generally regarded today as an understatement of the mental health problems with respect to the alienation of young workers. Yet in his sample of 407 auto workers, approximately 40% had some symptoms of mental health problems, and the key correlation was between job satisfaction and mental health. Kornhauser's findings have been generally corroborated by subsequent studies.¹⁰⁶

The Task Force also noted that several recent studies have found a connection between mental illness and unsatisfying jobs. For example, a disproportionate number of workers in routine, unskilled jobs are admitted to hospital for psychiatric treatment, and there is a high incidence of suicide among such workers.¹⁰⁷ The authors also point to the extensive research carried out by the Institute for Social Research in Michigan which has found that unsatisfying jobs lead to "psychosomatic illness, low self-esteem, anxiety, worry, tension and impaired interpersonal relations."¹⁰⁸ And, the Task Force corroborates Kornhauser's view that degrading work leads to unhappiness in other areas of life.¹⁰⁹

A study of the impact of lower-level white collar jobs on psychological development by Craise and Trent produced findings similar to those of Kornhauser.¹¹⁰ The authors matched two groups of high school graduates with

106. James O'Toole (ed.), Work in America, op. cit., p. 82.

107. Ibid., p. 82.

108. Ibid., p. 82.

109. Ibid., pp. 82, 84, 85.

110. Craise and Trent, "Commitment and Conformity in the American College" Journal of Social Issues, Vol. 23, No. 3. (July, 1967) pp.34-51 as cited by Charles Hampden-Turner, "The Factory as an Oppressive and Non-Emancipatory Environment" in: Gerry Hunnis et al., Workers Control, (New York, 1973) p. 42.

similar I.Q.'s on a scale which measured creativity, concept mastery, non-authoritarianism, and social maturity. Four years later members of the group which had attended university were compared with members of the group which had taken routine white collar jobs. Craise and Trent found that the former scored higher on all indices of psychological maturity. More disturbingly, those who had spent the four years working had actually regressed.¹¹¹

In a study of 200 accountants and engineers, Frederick Herzberg found that unsatisfying jobs had "...a deleterious effect on the well-being of the worker."¹¹² The effects of satisfying work were equally apparent:

A more important aspect of our findings is the tone of the reports of periods during which job attitudes were high. One could almost say by definition that a period during which one's attitude towards one's work is strongly positive is a period of good adjustment.¹¹³

Herzberg was particularly surprised at the unambiguous nature of his findings because his survey was conducted by a group of successful professionals. "The casualties of the industrial world", he noted, "did not appear in our sample."¹¹⁴ The results of his study led him to advocate an industrial policy designed specifically to raise the mental health of workers through job enrichment: "(T)he one most significant thing to be done to raise the mental health of the majority of our citizens is to increase the potential for motivation in their work."¹¹⁵

In a study of the non-work activities of bank and hospital employees, Chris Argyris found that "...the more satisfied workers inside the plant are also the ones who are more active in community activities,

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111. Charles Hampden-Turner, "The Factory as an Oppressive and Non-Emancipatory Environment" op. cit., p. 42.
112. Frederick Herzberg, The Motivation to Work, op. cit., pp. 90, 137, 138; Frederick Herzberg, Mental Health in Industry, op. cit.
113. Frederick Herzberg, The Motivation to Work, op. cit., p. 137.
114. Ibid., p. 91.
115. Ibid., p. 137.

church activities and fraternal organizations. This trend is independent of age and sex." Argyris also reviewed the findings of a number of other American sociologists and found similar conclusions. Independent surveys by Clarke, Goldhamer, Komarovsky, Scott and Blum have noted that participation in community activities corresponds to participation at work.¹¹⁶

VI

Although Kornhauser's study dealt primarily with the impact of work on mental health, he also analyzed the interview data to see if other factors in the lives of working people contributed to poor mental health. Three stood out: deprivation in childhood, poverty and poor education.¹¹⁷ Each acted independently of the job and was almost as significant. Thus unskilled workers with little education had poorer mental health than unskilled workers with substantial education. Workers from broken homes were more likely to exhibit symptoms of low mental health than those from happy families, while those who had experienced severe poverty during childhood were less well-adjusted than those who had not.

The significance of these factors, however, lies in their cumulative impact, as Charles Hampden-Turner points out:

(T)he chance of "the average worker" in a repetitive job having High Mental Health was one in five, but the chance of a poorly educated, low income worker having High Mental Health was one in ten. Add to this condition a history of rejection and a fatherless family and the chance of good health was virtually nil. Kornhauser did not include discrimination or minority group membership but it seems likely that these would just push the hard core further through the bottom of the scale.¹¹⁸

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116. Chris Argyris, Personality and Organization, op. cit., p. 116. This is a summary of previous work published in Chris Argyris, "Organization of a Bank", Harvard Business Review, Vol. 34, No. 5, (Sept.-Oct. 1954); Chris Argyris, "Human Relations in a Hospital " op. cit.
117. Arthur Kornhauser, The Mental Health of the Industrial Worker, op. cit. pp. 143-146.
118. Charles Hampden-Turner, "The Factory as an Oppressive and Non-Emancipatory Environment", op. cit., p. 34.

Hampten-Turner argues that "the factory system wears down the weak before the strong", with the consequence that those who have suffered deprivations during childhood and adolescence are more vulnerable to the stultifying effects of routine jobs. A "disadvantaged background and a repetitive semi-skilled job add up", he maintains, to form an almost "insuperable barrier" to good mental health.¹¹⁹

Kornhauser's study was limited to a single generation of workers. Thus it excluded the cumulative effects of routine jobs on subsequent generations. However, the impact of such work on mental health is, in turn, reflected in the home environment workers provide for their children. In other words, the other factors which Kornhauser found to affect mental health, such as poor education and deprivations in childhood, were probably the result of the cumulative impact of unsatisfying jobs on previous generations of workers, rather than independent factors in their own right.¹²⁰ Thus to the extent that unsatisfying jobs leave their imprint upon the family, education and social life of subsequent generations, or, in more general terms, on working class culture, Kornhauser has significantly underestimated the deleterious effect of repetitive work.

VII

The relationship between work and mental health has also been supported by research on individuals diagnosed as mentally ill. Unfortunately, there has not been a great deal of experimentation in this area, perhaps because it does not fit conveniently into the framework of the major schools of psychology and psychotherapy and, perhaps, because of the problems of providing such work for ordinary people within the

119. Ibid., p. 34 (his emphasis).

120. Ibid., p. 34.

existing industrial system. However, according to Georges Friedmann, psychiatrists in France, Holland and Great Britain have obtained encouraging results from work therapy.¹²¹ In one experiment at the Unit for Research in Occupational Adaptation at Banstead in Surrey, a team of psychiatrists from Maudsley hospital found that forty percent of a group of psychotics responded favourably to this form of treatment. Normally, they have one chance in a hundred of being cured. Success has also been obtained in the treatment of patients with other disturbances, including schizophrenia.¹²²

Friedmann's claims are supported by the findings of the United States Task Force on Work whose authors state that:

Although causal links between alcoholism, drug abuse or suicide and working conditions have not been firmly established (and, because of inadequate measuring devices may never be established), there is considerable evidence concerning the therapeutic value of meaningful work for these and other mental health problems. (their emphasis)¹²³

The authors also cite evidence from a number of experiments on the rehabilitation of drug addicts, delinquents and the mentally ill. One study by the American National Institute of Mental Health using an experimental group and a control group followed the progress of delinquent boys over a period of ten years to see if providing satisfactory work would contribute to better social adjustment. It did. The Institute

121. Georges Friedmann, The Anatomy of Work, translated by Wyatt Rawson (Glencoe, N.Y., 1964) (orig. pub. in French, 1961), pp. 133, 134.

122. Ibid., pp. 133, 134.

123. Milton F. Shore and Joseph L. Massimo, "Job Focussed Treatment for Anti-Social Youth", Children (July-Aug., 1964) as quoted in: James O'Toole, et al., Work in America, op. cit., p. 89. See also: Frederick Herzberg, The Motivation to Work, op. cit., p. 92.

gave the following reasons for its success:

Employment, which is therapeutic in itself, was used to provide a focus in reality for the psycho-therapeutic and re-educative endeavours. For anti-social adolescents, work can play a crucial role not only because it facilitates identity formation, provides an avenue for the channelling of aggressive and sexual energies, and alleviates material needs, but also because it can be used as a fulcrum for therapeutic intervention.¹²⁴

Friedmann and others have been quick to point out, however, that the effectiveness of work therapy is dependent upon the kind of job provided. Giving a mental patient a routine, boring job is hardly likely to improve his mental health. The job must provide opportunities for achievement, responsibility and social recognition. The patient's ego must be bolstered, not depressed by it. Success in treatment is thus dependent on the quality of the work made available. Although the results of such experiments are of a limited and tentative nature, they fit in with Kornhauser's findings that satisfied workers have better mental health than those who are unhappy with their jobs.

VIII

However, the full implications of Kornhauser's work only emerge when the connection between low job satisfaction and poor mental health is related to post-war research on the extent of job dissatisfaction in industry. As we have seen in our examination of management theory, most studies have been concerned with the impact of job satisfaction on productivity. But their implications are no less significant in relation to mental health. The contrast in job satisfaction between the skilled and unskilled workers in Kornhauser's study is paralleled by similar discrepancies in other occupations. Indeed, the differences between

124. James O'Toole, et. al., Work in America, op. cit., p. 90.

workers at the top of the occupational ladder and those at the bottom is often more pronounced, as Daniel Katz points out in the following summary of post-war literature on job satisfaction:

Comparisons of occupational groups show that the more skilled the vocation, the more its members enjoy their jobs. R. Hoppock reported that more than 90 percent of a group of 500 teachers liked their work. In contrast, H.M. Bell found that 98 percent of young people working in canning factories and textile mills hated their jobs. In another study by Hoppock, of 309 people in a small Pennsylvania town, the greatest dissatisfaction with work occurred among the unskilled labourers. Satisfaction increased with occupational level, with the greatest satisfaction among professional groups.

R.L. Hull and A. Kolstad analyzed questionnaire responses of thousands of workers and report: "The results do suggest, however, that there is some relationship between skill and morale, that is, that a cross section of workers in highly skilled trades would give somewhat higher scores than a cross section of unskilled labour." The relationship between job satisfaction and occupational status has also been confirmed in studies by Thorndike and by Uhrbrock. In addition, Super corroborated this finding...¹²⁵

A more recent American study compared job satisfaction in different occupations using the question "What type of work would you try to get into if you had the chance to start all over again?" Its authors found major disparities between those at the top of the occupational ladder and those at the bottom. While 97% of urban university professors, 91% of mathematicians, 89% of biologists and 86% of chemists would be happy to do the same job, only 27% of blue collar workers felt the same way. Among unskilled steel and auto workers, the percentages giving affirmative replies were even lower: 21% and 16%, respectively.¹²⁶

125. Daniel Katz, "Satisfactions and Deprivations in Industrial Life", in Industrial Conflict, ed. Arthur Kornhauser, Robert Dubin and Arthur Ross (London, 1954), p. 91. Katz cites sources for each of the studies mentioned.

126. James O'Toole, et. al., Work in America, op. cit., pp. 15, 16. The figures cited are from a study by Robert Kahn, "The Work Module: A proposal for the Humanization of work" 1972. This was a paper prepared for the Task Force. It is reprinted in: James O'Toole (ed.), Work and the Quality of Life, op. cit., pp. 199-226.

The study also revealed a level of job satisfaction among white collar workers considerably lower than we might expect: 43%. This figure contrasts with the optimistic claims of many post-war social scientists who believe that the elimination of manual jobs will end degrading work. Instead, what has happened is that as the white collar sector has expanded, the traditional status and skills of white collar workers have been eroded.¹²⁷ As Harry Braverman points out, white collar workers are increasingly affected by management techniques such as time and motion study and job evaluation because their labour costs now equal or exceed those of production workers.¹²⁸ Hence cutting costs in this sector is now as important to 'efficiency' and 'profitability' as in the blue collar sector. This process is illustrated well by H.B. Wilson in his discussion of the effects of technology on office work.

Twenty years ago most stenographers took dictation in shorthand. This required them to go to the office of the person dictating and return to their typewriter to transcribe the dictation. En route, they often delivered messages, performed incidental tasks and exchanged pleasantries with other workers. They were mobile and involved.

Ten years ago, dictation machines gained in popularity. Their appeal was based on eliminating wasted stenographer's time while the boss hummed and hawed or was interrupted by telephone calls or visitors. The stenographers would spend more time at their typewriters - presumably working. Their mobility and involvement decreased and so did their ability to make a wider contribution.

Five years ago, centralized dictation systems gained in popularity in large offices. In those brave new offices, managers have intercom telephones hooked up to a room containing tape recorders and stenographers. The stenographers select recorded tapes, put on their headsets and type the words recorded by disembodied voices. No time is wasted walking or talking. Finished products are dispatched to the managers by an office boy. Mobility and involvement are almost eliminated.¹²⁹

127. Ibid., p. 16.

128. Harry Braverman, Labour and Monopoly Capital, op. cit., pp. 293-358; See also: David Jenkins, Job Power, op. cit., p. 50; C.W. Mills, White Collar, op. cit., pp. 192-212 and passim.

129. H.B. Wilson, Democracy and the Workplace (Montreal, 1974) pp. 50, 51.

Although Wilson's example describes a change which is more dramatic than in many white collar jobs, it indicates how the traditional satisfactions associated with such work have been undermined by management's drive for efficiency. And, it points to the fallacy in the argument that as more and more workers move into white collar jobs, the degrading aspects of work will gradually be eliminated.¹³⁰

Returning to our main argument, the fact that large numbers of workers are far from satisfied with their jobs has been confirmed in numerous studies both by critics of the status quo and by management theorists anxious to uncover the causes of low productivity, high absenteeism, high labour turnover and poor workmanship. Herzberg, McGregor, Maslow, Jenkins, Hampden-Turner, Blumberg, Fromm, Bell, Parker and a myriad of other writers have concluded that the fulfilment in work is unequally distributed, with those at the top of the occupational hierarchy benefiting more than those at the bottom.¹³¹ As Alan Fox observes:

A category of privilege therefore emerges. Some forms of work enable men to grow towards what their societies define as full human stature; many others do not.¹³²

What this means in terms of our previous discussion of the connection between work and mental health can be best realized if we substitute "mental health" for Alan Fox's term "full human stature". Within capitalist societies only a privileged minority take advantage of the

130. Anyone doubting this point need only refer to the detailed and comprehensive study of changes in white collar work by Harry Braverman in: Labour and Monopoly Capital, op. cit., pp. 293-358.

131. Frederick Herzberg, Work and the Nature of Man, op.cit.; Douglas McGregor, The Human Side of Enterprise, op. cit.; Abraham Maslow, Motivation and Personality, op. cit.; David Jenkins, Job Power, op. cit.; Charles Hampden-Turner, "The Factory as an Oppressive and Non-Emancipatory Environment" op. cit.; Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit.; Daniel Bell, "Work and Its Discontents", op. cit.; Stanley Parker, The Future of Work and Leisure, op. cit.

132. Alan Fox, A Sociology of Work in Industry, op. cit., p. 13.

psychological benefits of work: for the majority, work poses a serious threat to psychological well-being and happiness. Yet what is notable about business is how little concern it has shown about this issue. Just as firms have been willing to subordinate the physical health and safety of workers to the objective of maximizing output and profits, so, too, they have been willing to ignore the impact of simplified jobs on mental health.

The reason for this lack of concern is clear: owners do not bear the psychological consequence of routine work, yet benefit from the greater production arising therefrom. Consequently, the deleterious impact of Taylorism on workers is treated in exactly the same way that business deals with environmental pollution and other 'externalities'. As long as the costs can be passed on to other groups while business reaps the benefits, production is organized solely according to narrow, commercial criteria.

Yet because it is to the advantage of business to design jobs which adversely affect the mental health of workers does not mean that it is in the interests of workers or the larger community. With regard to the former, it is clear that the benefits of a heavier pay packet are unlikely to compensate for the psychological strain associated with stultifying jobs. Indeed, how many people would be willing to sacrifice their mental health in return for a larger car or a better stereo? Once the question is posed in this way, the manifest irrationality of taking a degrading job simply to have more money is apparent. Yet this is precisely what business demands of workers.

From the community's viewpoint, the costs of such jobs are no less significant. Workers who do not have an opportunity to develop skills or use their intelligence at work have less to contribute to social and political life. Because they have little experience in taking decisions or accepting responsibility, they are less willing and less able to

participate in community affairs. This, in turn, means that social life is less varied and stimulating for all concerned.

From a more narrow perspective, the community must also bear the costs of their poor mental health in terms of greater expenditures on hospital care and social services. Similarly, the wives and children of such workers must accept a deterioration in the quality of social relationships. In short, insofar as repetitive work leads to poorer mental health, it imposes burdens on workers, their families and their communities which are not taken into account by business enterprises when they calculate the costs and benefits of different ways of organizing production. Yet once these costs are considered, the argument that it does not matter that owners still control the organization of industry loses its credibility. For while it is true that private ownership does maximize production, it is not true that the production so generated is worth the psychological and social costs it incurs.

IX

However, the subordination of workers to the interests of property has ramifications beyond the specific issues just outlined. What is wrong is not simply that the physical and mental health of workers is abused under private ownership and control. More fundamentally, it is that workers are treated as means to pursue the objectives of shareholders rather than ends in themselves. Consequently, their right as human beings to exercise self-determination is suppressed. This point was outlined many years ago by the guild socialist, G.D.H. Cole, and it applies with equal force today. Cole posed the question of what the major abuse of capitalism was. Most people, he suggested, would respond by pointing to the poverty which was everywhere apparent at the time. This answer, he argued was wrong. Poverty was the symptom: slavery was the

"disease". Working people were poor because they lacked control over their lives, rather than being wage slaves because they were poor.¹³³

Similarly, the physical and mental damage done to working people today is a result of their inability to control the organization of their labour. For, as we have seen, the property rights of owners do not simply give them control over objects: they also confer control over the lives of other people. And they do so in such a way that they encourage the treatment of people simply as objects or, as the economists say, factors of production. Yet a person is no less a person because he is at work. And a system which views a human being in his role as a producer as nothing more than an instrument to be used to carry out mechanically the purposes of another cannot claim legitimacy on the questionable grounds that it provides heavier pay packets.

The loss of control over work has inestimable costs for working people beyond the damage done to the physical health and safety. Initiative and creativity are stifled by management authority. The opportunity to develop skills and apply new ideas is frustrated, as is the satisfaction arising from planning and executing a task from beginning to end. Moreover, the idea of work as a public or community service is largely destroyed by the wage-labour relationship. Because the social importance of work is obscured, the satisfaction arising from performing service for others is denied. And the sense of self-worth that arises from performing a job which is of value to the community is also undermined. Thus the role of work as a potential source of happiness and fulfilment in the lives of ordinary workers is transformed into one of 'putting in time' in order to collect the pay packet at the end of the week.

133. G.D.H. Cole, Guild Socialism Restated (London, 1921).

The degradation of work, to use an expression of Harry Braverman, is thus not a minor loss which is easily compensated for by the advantages of a consumer society. Rather, it entails the suppression of man's most fundamental, creative instincts. The loss of self-determination at the workplace is a loss of what, in one sense, is man's most important distinguishing characteristic: his ability to fashion the world in his own image. Insofar as what a man is, is reflected in what he does, the fact that the worker is basically an instrument of production means that his essential humanity is denied. For men are not means; they are ends. And any system that treats them as such is an affront to their human dignity and the sanctity of the individual personality.

PART III

COLLECTIVE BARGAINING: THE LEGITIMIZATION OF MANAGERIAL
POWER THROUGH THE LIMITATION OF ITS ABUSES

CHAPTER VII

SIDNEY AND BEATRICE WEBB: THE COLLECTIVE BARGAINING
APPROACH OUTLINED

I

The industrial framework outlined by Sidney and Beatrice Webb in their classic study of trade unionism, Industrial Democracy, is an appropriate place to begin our discussion of the effectiveness of collective bargaining as a response to managerial power.¹ Like many other socialists of their day, the Webbs believed that unfettered capitalist control of industry gave rise to numerous abuses - abuses which were the result of the unequal bargaining position of workers in relation to their employers. As a consequence, workers were forced to accept terms and conditions of employment that were both morally and physically degrading. The Webbs found this unacceptable and believed that trade unionism offered a suitable remedy for it.

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1. Sidney and Beatrice Webb, Industrial Democracy (London, 1919) (orig. pub., 1897). In our discussion of the views of the Webbs, we shall restrict our approach to the position expressed in Industrial Democracy. There are several reasons for doing so. First, the Webbs altered their views considerably during the period following the First World War, particularly on the question of workers' participation in management, to which they became more sympathetic. Second, in Industrial Democracy they laid out the theory of collective bargaining as we now know it with a degree of foresight that is remarkable. Because they put forward the basic tenets of collective bargaining more clearly and comprehensively than in any other early work, and because so much of what they said in defence of the approach is still relevant today, Industrial Democracy remains the most logical point to start a discussion of the topic. As Tawney remarked, their writings "stand out amid the trivialities of their day and ours, like Roman masonry in a London Suburb." R.H. Tawney, The Attack and Other Papers (London, 1953) p. 136 as cited by Alan Flanders, "Collective Bargaining: A Theoretical Analysis" in Alan Flanders, Management and Unions, op. cit., p. 213. Flanders' article also provides a good overview of the contribution of the Webbs to the development of collective bargaining. See: Ibid., pp. 213-276.

Indeed, it was their opinion that industrial democracy - the only system of industrial relations which they thought acceptable within a democratic state - was integrally connected with the existence of a strong trade union movement. By limiting the autocratic power of employers, trade unions provided employees with a degree of security and freedom in their work sufficient to transform their position from servility to industrial citizenship.

Because the Webbs saw unions as an essential part of the modern, democratic state, they were anxious to justify the growth of the trade union movement in the face of attacks from its conservative and liberal opponents. They argued that proponents of laissez-faire who criticized unions because they posed a threat to the free market exchange of labour were wrong because they failed to recognize that freedom for the capitalist to purchase labour on the most favourable terms entailed a corresponding limitation on the freedom of workers:

What particular individuals, sections or classes usually mean by 'freedom of contract', 'freedom of association', or 'freedom of enterprise' is freedom of opportunity to use the power that they happen to possess: that is to say, ² to compel other less powerful people to accept their terms.

Trade unions thus performed a vital function in industry by reducing the inequality in bargaining power between employers and employees. Collective bargaining brought the actual pattern of relationships between employers and employees into line with a free market theory which presupposed equality of bargaining power in the first place. It was an irony in the position of the liberal economists that they did not fail to note.³

2. Ibid., p. 847.

3. Ibid., pp. 840-842. Alan Flanders challenges the Webbs' assumption that bargaining by a group of employees with their employer is the same as individual bargaining. He argues that collective bargaining involves two distinct processes. The first is a power relationship between the employer and the union. Employees use their collective power to negotiate an agreement regulating the terms and conditions of employment. The second is a market exchange between individual employees and their employer. Flanders argues that the one is essentially a political activity which establishes rules and regulations, while the other is basically an economic activity in the free market sense. Thus "A collective agreement is not truly a collective bargain. Trade unions do not sell the labour of their members; nor do employers' associations, unlike individual employers, buy it." Alan Flanders, Management and Unions, op. cit., p. 220.

The Webbs were equally scathing in their attack on those who saw no connection between political democracy and industrial democracy.

Even at the present day, after a century of revolution, the great mass of middle and upper class "Liberals" all over the world see no more inconsistency between democracy and unrestrained capitalist enterprise, than Washington or Jefferson did between democracy and slave-owning.⁴

Their belief that trade unions are essential in a modern democracy led them to advocate that "...the very conception of democracy will have to be widened so as to include economic as well as political relations."⁵ Political democracy was incompatible with economic servitude: hence, for the former to operate properly, the latter had to be abolished.

II

However, the Webbs were not only concerned with justifying the place of unions in the democratic state. They believed that a satisfactory theory of industrial relations must also take account of the interests of other groups and particularly consumers. Thus their commitment to the growth of the labour movement was qualified by the proviso that unions must not obstruct the basic purpose of industry: the provision of an adequate supply of goods and services to the community at minimum cost.⁶ As a consequence, they felt that it was important to distinguish the legitimate functions of unions and to point out the limitations of those functions.

4. Ibid., p. 841.

5. Ibid., p. 340.

6. Of course, the Webbs did not support all the aims of the trade unions of their day. For example, they opposed the "restriction of numbers", limitations on apprenticeship and other devices which limited the membership of a particular trade and thus enabled its members to exploit the public. They also opposed the idea of "vested interests" a name they gave to the notion of job property rights. When trade union objectives or practices conflicted with the interests of the community, they argued that these objectives ought to be abandoned. Thus their proposals for reform implied a change in the objectives of trade unions as well as in the outlook of their critics. See: Ibid., pp. 559-576, 810-813.

In answering the question of how industry ought to be organized, the Webbs put forward a model that can best be described as pluralist.⁷ They believed that consumers should have the right to decide what was to be produced. Management - whether appointed by government or by private owners - should have the right to decide how production was to be organized.⁸ And, trade unions should have the right to determine the terms and conditions under which their members would carry out production.⁹ However, overriding the interests of these three groups was that of the larger community. Its elected government, the Webbs argued, should have ultimate responsibility for ensuring that decisions by these groups did not conflict with the public interest.¹⁰

The justification for allowing consumers to decide what was to be produced followed logically from their analysis of the purpose of industry. As they saw it, industry's primary responsibility was to produce the goods and services required by consumers. This meant that the consumers who used those goods and services - and they alone - were most capable of deciding what should be produced.¹¹ The Webbs specifically excluded the administrators of industry and the trade unions from this area of decision-making because they felt that both had interests which conflicted with consumers.

Similarly, the Webbs believed that it was necessary to give the administrators of industry, whether appointed by government or "...thrown up in the competitive struggle..." the exclusive right to decide how the

7. Ibid., p. 828.

8. Ibid., pp. 818, 822, see also: Sidney and Beatrice Webb, The History of Trade Unionism, revised ed. (London, 1920) pp. 706-711.

9. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 821.

10. Ibid., pp. 821-823. See also: Robert Weinberg, Workers' Control: A Study in British Socialist Thought (University of London, Ph.D. thesis, 1960) pp. 16, 17.

11. Sidney and Beatrice Webb, Industrial Democracy, op. cit., pp. 818, 819. See also: The History of Trade Unionism, op. cit., pp. 710, 711.

goods and services should be produced.¹² They advanced several justifications for the primacy of the administrators' role in this area. First, the complexities of modern industry necessitated that it be run by highly qualified experts with extensive training and experience in the various facets of management.¹³ Second, the administrators of industry - unlike the workers under their authority - would not be biased towards the use of particular skills or methods of production and hence would tend to pursue the goal of producing what consumers wanted as efficiently and cheaply as possible. Because their success as administrators would be gauged according to how well they had managed to keep the price of their goods and services at a competitive level, they would be under considerable pressure to use the most efficient methods of production. In this respect, then, there was an identity of interests between the administrators of industry and consumers.¹⁴

On the other hand, trade unions were "...specially disqualified..." from performing this role because their members frequently had a vested interest in the use of particular materials, techniques of production or craft skills which led them to resist innovations designed to raise productivity. Moreover, the Webbs felt that if trade unions were allowed to administer industry they would engage in various "restrictive practices" designed to increase the earnings of their members at the

12. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 819.

13. Ibid., p. 819.

14. Ibid., p. 819. See also: Sidney and Beatrice Webb, The History of Trade Unionism, op. cit., pp. 712-714.

expense of consumers.¹⁵ This deficiency was exacerbated by the tendency of craft unions to limit entry to their trades and thus maintain an artificial scarcity of their services - a scarcity which could be used to exploit the community through excessive wage demands. For these reasons, the Webbs thought it necessary to exclude workers and their unions from management.

However, in their attempt to lower the costs of production the administrators of industry would be tempted to reduce the costs of labour, not only by utilizing labour saving devices, but also by reducing wages and making working conditions less satisfactory. This attempt to limit wages, if unchecked, would lead to a reduction in the standard of living of the workers under their authority. The Webbs felt that such practices were incompatible with the aim of a democratic society to promote the happiness of its members.

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15. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 819. However, in the 1920 edition of The History of Trade Unionism, the Webbs, influenced by the arguments of guild socialists, modified their opposition to union participation in management. But they still maintained that unions ought not to play the dominant role for three reasons. First, trade unions still had vested interests which conflicted with the interests of consumers. Second, if trade unions assumed control there would be a serious problem in maintaining managerial authority because it would be subject to interference from below. And, finally, producer co-operatives in Great Britain had not been particularly successful in their view. Hence they were concerned that workers' control might lead to economic inefficiency. See: Sidney and Beatrice Webb, The History of Trade Unionism, op. cit., pp. 708, 715.

Similar concern about the difficulties of maintaining managerial authority if managers were made accountable to workers was voiced in another book of the same year: "...the relationship set up between a manager who was to give orders all day to his staff, and the members of that staff who, sitting as a committee of management, criticize his action in the evening, with the power of dismissing him if he fails to conform to their wishes, has been found to be an impossible one." Sidney and Beatrice Webb, Constitution of a Socialist Commonwealth of Great Britain (New York, 1920) p. 161, as quoted by Harry W. Laidler, History of Socialism (New York, 1968) p. 341.

The permanent bias of the profit-maker, and even of the salaried official of the Co-operative Society, the Municipality or the Government Department is to lower the expense of production. As far as immediate results are concerned, it seems equally advantageous whether this reduction in cost is secured by a better choice of materials, processes or men, or by some lowering of wages or worsening of the conditions upon which the human agents are employed. But the democratic state is, as we have seen, vitally interested in upholding the highest possible standard of life of all its citizens, and especially of the manual workers who form four fifths of the whole. Hence the bias of the directors of industry in favour of cheapness has, in the interest of the community, to be perpetually controlled and guided by a determination to maintain and progressively to raise the conditions of employment.¹⁶

It was in determining the terms and conditions of employment that trade unions thus came to play their special role in the organization of industry. For if they were disqualified from deciding what was to be produced and how it was to be produced, the other groups were equally disqualified from determining the "conditions under which" production should take place. Consumers wanted goods and services produced as cheaply as possible and hence were biased in favour of low wages and poor working conditions. The administrators of industry, in their zeal for efficiency, wanted to minimize labour costs and hence reduce the standard of living of their workers. If these two groups were allowed to determine the terms and conditions of employment, unchecked by trade unions, they would abuse and exploit workers engaged in production.¹⁷

If the democratic state is to obtain its fullest and finest development, it is essential that the actual needs and desires of the human agents concerned should be the main considerations in determining the conditions of employment. Here, then, we find the special function of the trade union in the administration of industry. The simplest member of the working class knows at any rate where the shoe pinches.¹⁸

In pressing for higher wages and better working conditions, unions played a vital role in the organization of industry. By acting as a

16. Sidney and Beatrice Webb, Industrial Democracy, op. cit., pp. 819, 820.

17. Ibid., p. 820.

18. Ibid., p. 821.

check on the abuse of the power wielded by management, either in its own interest or that of consumers, trade unions ensured that their members received the most favourable terms for their labour compatible with a high level of service to the community.¹⁹

Yet, as we have just noted, overriding these three sectional interests was that of the public, represented by its elected government. When any group attempted to exploit the community, it was the government's obligation to step in and protect it. Thus the Webbs argued for compulsory arbitration in the case of a prolonged strike or lockout where the interests of groups other than employers and trade unions were adversely affected.²⁰ In fact, they predicted that collective bargaining between employers and employees would "...become increasingly subject to the fundamental conditions that the business of the community must not be interfered with."²¹

III

The Webbs' belief that workers ought not to manage industry had implications not only for their view of industrial democracy under private ownership but, perhaps more importantly, for their approach to industrial democracy within socialist or, as they referred to it, collectivist,

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19. In this regard, the willingness of consumers to purchase this labour through payment for the commodities thrown on the market acted as a check on excessive wage demands. For if wages rose too high, demand would fall and some union members would become unemployed. This interplay of market forces acted as a "friction brake" on the exploitation of consumers by workers. Ibid., p. 821.
20. Ibid., p. 814. In The History of Trade Unionism, the Webbs reiterated the point that the community must retain ultimate authority in industry. "... (w)e expect to see the supreme authority in each industry vested, not in the workers as such, but in the community as a whole." See: Sidney and Beatrice Webb, The History of Trade Unionism, op. cit., p. 714.
21. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 815.

economies as well. Insofar as publicly appointed managers would have the same bias towards maximizing efficiency as their private counterparts, they would tend to exploit the workers under their authority. Thus removal of the profit motive would not, in itself, end the oppression of workers.²²

To exacerbate this, the differences in outlook, interests and experience between the administrators of industry and workers might result in the former taking decisions as harmful to the interests of the latter as those made by private owners. Moreover, they foresaw that individual workers would still have difficulties in redressing their grievances within a collectivist framework. Hence they would still require trade unions to protect them from abuses of administrative power.

For even under the most complete collectivism, the directors of each particular industry would, as agents of the community of consumers, remain biased in favour of cheapening productivity, and could, as brain workers, never be personally conscious of the conditions of the manual labourers. And though it may be assumed that the community as a whole would not deliberately oppress any section of its members, experience of all administration on a large scale, whether public or private, indicates how difficult it must always be, in any complicated organization, for an isolated individual sufferer to obtain redress against the malice, caprice, or simple heedlessness of his official superior. Even a whole class or grade of workers would find it practically impossible, without forming some sort of association of its own, to bring its special needs to the notice of public opinion, and press them effectively upon the Parliament of the nation.²³

Trade unionism would thus be as necessary under socialism as it was under capitalism. And, by implication, industrial democracy could exist only where trade unions were free to bargain over the terms and conditions of employment. Thus socialism or collectivism without trade unionism would

22 Ibid., p. 824.

23. Ibid., p. 824.

not embody the principles of industrial democracy.²⁴

Moreover, because the essence of industrial democracy was the right of trade unions to oppose management, it could exist in either a private or publicly owned economy:

...Trade Unionism has no logical connection with any particular form of ownership of land and capital and the members of the British Trade Unions are not drawn, as Trade Unionists, unreservedly towards individualism or collectivism.²⁵

and:

...it follows from this analysis that trade unionism is not merely an incident of the present phase of capitalist industry but has a permanent function to fulfil in the democratic state.²⁶

With regard to the place of trade unions within the larger democratic framework, the Webbs argued that they had a legitimate role to play as a

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24. Ibid., pp. 823, 824. Another reason for their belief that trade unions would still be necessary under socialism was that the Consumer Co-operatives of their day had not treated their employees significantly better than their privately-owned counterparts. As the Webbs saw a parallel between the administration of consumer co-operatives and industry under socialism, they thought that unions would still be needed to ensure that the administrators of industry did not abuse their employees. This argument is touched upon briefly in Industrial Democracy (pp. 818-820) but developed in greater detail in The Constitution for the Socialist Commonwealth of Great Britain, op. cit., pp. 152-154.
25. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 832. See also: pp. 271-273.
26. Ibid., p. 823. Their position on this question remained essentially unchanged in The Constitution for the Socialist Commonwealth of Great Britain. See: pp. 185, 186.

It is also worth noting that the Webbs saw a place for private ownership within their ideal of the socialist state:

"Nor need it be imagined that this progressive 'socialization', which has already been going on for some time, will ever become so universally complete, even in one country, that there will be no 'unsocialized' enterprise. It may even be predicted with confidence that there will always be a toleration of unsocialized industries and services... There may also be a persistent though always varying residuum of capitalist profit-making industries...and even, in the most completely socialized communities, the carrying on by way of experiment or for the sake of comparative costing, of parts or sections or varieties of industries or services that are otherwise socialized." Sidney and Beatrice Webb, The Constitution for the Socialist Commonwealth of Great Britain, op. cit., pp. 147, 148.

pressure group attempting to advance the industrial interests of union members. They believed that a democratic society ought to encourage the formation of numerous groups, each representing the interests of its members within a certain defined sphere of influence. Thus the trade unions would represent their members on industrial issues while other organizations would represent these same members on issues not related to industry.²⁷

We may therefore infer that wage earners will, in a democratic state, not content themselves with belonging to their trade union, or even to any wider organization based upon a distinction of economic class. Besides their distinctive interests and opinions as wage earners and manual workers, they have others which they share with persons of every grade or occupation. The citizen in the democratic state, enrolled first in his geographic constituency, will take his place also in the professional association of his craft; but he will go on to combine in voluntary associations for special purposes with those who agree with him in religion or politics, or in pursuit of particular recreations or hobbies.²⁸

Within this pluralist, democratic framework, trade unions were not a threat to political democracy as their critics claimed, but, rather, were an asset to it, because in defending the interests of their members from government encroachments they were acting as a check on the growth of arbitrary state power.

Yet the Webbs also pointed out that organizations such as trade unions ought not to influence government in areas outside their proper spheres of competence. For example, trade unions ought not to have a say in foreign affairs, education, financial policy and the like. Nor should other groups be allowed to interfere in matters which were the rightful concern of unions.

27. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 833. They maintained this pluralist approach in their later publications as well. See: The History of Trade Unionism (rev. 1920), op. cit., pp. 706, 707, and, A Constitution for the Socialist Commonwealth of Great Britain, pp. 147-167.

28. Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 833.

Within their defined sphere of competence, trade unions could perform additional services, however. Because of their specialized knowledge in industrial matters, they could act as a valuable source of information and counsel to the government. Indeed, no other organizations were so well equipped to assess the impact of industrial legislation on the lives of working people. Trade unions were also particularly well endowed to give advice on technical education and, perhaps, could become involved in its administration.²⁹ Finally, with the universal enrolment of working people in trade unions and the enactment of legislation protecting the interests of their members, the Webbs believed that unions would be free to play a more positive role in industry. For example, they would be able to provide assistance in improving methods of production secure in the knowledge that gains in efficiency would not adversely affect their members.³⁰

IV

Considering the extensive role assigned by the Webbs to unions, it is not surprising that they were concerned that the organizational structure of unions was adequate to perform such tasks. In Industrial Democracy, they discussed the evolution of trade unions in some detail, paying special attention to the methods used by various unions to reconcile administrative complexity with internal democracy. They recognized that the development of an efficient administrative apparatus was vital if unions were to be effective, particularly at the national level. Yet they were worried that the price of efficiency might be loss of control by the rank and file over their leaders. Consequently, the Webbs were concerned to show how the theory and practice of British trade union democracy had evolved during

29. Ibid., p. 830.

30. Ibid., pp. 828, 829.

the nineteenth century and to point out avoidable pitfalls that had hindered the development of efficient, yet democratic, union organizations.

The Webbs used the expressions "primitive democracy" and "infant democracy" to describe the democratic practices of working men's societies, associations and clubs - the forerunners of modern trade unions - during the early nineteenth century. These organizations were composed of the members of a particular craft or trade and their purpose was to regulate various matters associated with its practice. Their members usually espoused a radical, egalitarian view of democracy which rejected formal leadership and opposed the elevation of any member above his fellows. They stressed the need for all to participate equally in both policy-making and administration because such participation was thought essential for the maintenance of democracy.³¹

The early trade club was then a democracy of the most rudimentary type, free alike from permanently differentiated officials, executive council or representative assembly. The general meeting strove itself to transact all the business and grudgingly delegated any of its functions either to officers or committees. When this delegation no longer could be avoided, the expedients of rotation of short periods of service were used to "prevent imposition" or any undue influence by particular members. In this earliest type of trade union democracy we find, in fact, the most childlike faith, not only that "all men are equal" but also that "what concerns all should be decided by all."³²

However, as trade unions grew and their functions expanded during the nineteenth century, the need to delegate responsibility to elected officials became more pressing. Moreover, changes in the political conditions during the latter part of the century, and particularly the extension of the franchise, made it possible to pursue union goals by

31. Ibid., pp. 3-7. The Webbs used the expression "primitive democracy" as the title of their first chapter.

32. Ibid. p. 8.

parliamentary means.³³ The campaign for the nine hour day and the attempt to implement national standards of apprenticeship, employment and remuneration also necessitated larger and more complex administrative structures than had been required for bargaining with local employers or enforcing union regulations in particular localities.³⁴

Yet the tradition of direct democracy was slow to die. Numerous techniques, such as rotating the union's offices, limiting the length of service, restricting office holders to a single term and using the referendum and the initiative, were devised to preserve equality of participation.³⁵

However, the difficulties of maintaining direct democracy in the face of growing size and administrative complexity led many unions to strike what the Webbs saw as an unsatisfactory compromise between participation of all on some issues and delegation of authority to elected representatives on others. Because they lacked a coherent theory of the relationship between those elected to make policy and those appointed to administer it, trade unions often combined the two roles. Thus elected officials were commonly full-time administrators. This led to a concentration of power in their hands and tended to undermine the ability of members to maintain democratic control.³⁶ Moreover, full-time administrators often lost touch with fellow workers and became a separate group with its own distinct interests and outlook. Yet, because they possessed valuable administrative skills, the membership found it

33. Ibid., pp. 248-252.

34. Ibid., pp. 8-11, 90-93.

35. Ibid., pp. 14, 24-27, 36, 37, 59-65.

36. Ibid., pp. 15, 58, 59.

difficult to turn them out of office.³⁷ Consequently, the unions were presented with an unfortunate choice between oligarchy if they gave their elected officials substantial power, and administrative chaos if they did not.

37. The resemblance of the Webbs' discussion of the problems of direct democracy to that of Robert Michels in Political Parties is remarkable, as the following comparison of quotations makes clear:

"We have already noted that in passing from a local to a national organization the Trade Union unwittingly left behind the ideal of primitive democracy. The setting apart of one man to do the clerical work destroyed the possibility of equal and identical service by all members and laid the foundation of a separate governing class. The practice of requiring members to act in rotation was silently abandoned. Once chosen for his post, the general secretary could rely with confidence, unless he proved himself obviously unfit or grossly incompetent, on being annually re-elected. Spending all day at office work, he soon acquired a professional expertise quite out of reach of his fellow members at the bench or the forge. And even if some other member possessed natural gifts equal or superior to the acquired skill of the existing officer, there was, in a national organization, no opportunity of making these qualities known." Sidney and Beatrice Webb, Industrial Democracy, op. cit., p. 15.

Michels makes the same point:

"The Party mechanism, which, through the abundance of paid and honorary posts at its disposal, offers a career to the workers, and which constantly exercises a powerful attractive force, determines the transformation of a number of proletarians with considerable intellectual gifts into employees whose mode of life becomes that of the petty bourgeois. The change of condition at once creates the need and provides the opportunity for the acquisition, at the expense of the mass, of more elaborate instruction and a clearer view of existing social relationships. Whilst their occupation and the needs of daily life render it impossible for the masses to attain a profound knowledge of the social machinery, and above all of the working of the political machine, the leader of working class origin is enabled, thanks to his new situation, to make himself intimately familiar with all the technical detail of public life, and thus to increase his superiority over rank and file. In proportion as the profession of politician becomes a more complicated one and, in proportion as the rules of social legislation become more numerous, it is necessary for one who would understand politics to possess wider experience and more extensive knowledge. Thus the gulf between the leaders and the rest of the party becomes even wider, until the moment arrives in which the leaders lose all true sense of solidarity with the class from which they have sprung, and there ensues a new class division between ex-proletarian captains and proletarian common soldiers." Robert Michels, Political Parties, tr. by: Eden and Cedar Paul, (ed.) Seymour Martin Lipset (New York, 1962) pp. 108, 109, (orig. pub. 1911).

However, unlike Michels, the Webbs had a much clearer understanding of the differences between direct democracy and representative democracy. Hence they were able to put forward an alternative to the former, while Michels was only able to conclude that because direct democracy could not cope effectively with the problem of size, all other approaches to democracy were doomed to failure as well.

If, therefore, democracy means that 'everything which concerns all shall be decided by all', and that each citizen should enjoy an equal and identical share in the government, Trade Union history indicates clearly the inevitable result. Government by such contrivances as Rotation of Office, the Mass Meeting, the Referendum and Initiative, or the Delegate restricted by his Imperative Mandate, leads straight either to inefficiency and disintegration, or to the uncontrolled dominance of a personal dictator or an expert bureaucracy. Dimly, and almost unconsciously this conclusion had, after a whole century of experiment, forced itself upon the more advanced trades.³⁸

The Webbs believed that the solution had already been arrived at in the political sphere. The separation of legislative from administrative functions of government which had evolved in the British Parliamentary system, they felt, could be applied with equal success to the problem of trade union democracy.³⁹ By separating policy-making from administration it became unnecessary for the elected representatives to possess administrative skills. Rather, their function became one of formulating policies and acting as a watchdog over the administrators to see that they carried out these policies properly.⁴⁰ Thus union members would be free to change their elected representatives without fear that administrative functions would be undermined.

Several notable examples of trade unions which had evolved from a state of primitive democracy to representative democracy, the Cotton Operatives and the Coalminers, were flourishing at the time the Webbs wrote Industrial Democracy and they used these unions as illustrations of how representative democracy ought to function in the trade union setting:⁴¹

38. Ibid., p. 36.

39. Ibid., p. 37.

40. Ibid., pp. 54-56, also p. 844.

41. Ibid., p. 38.

The Amalgamated Association of Operative Cotton-spinners is therefore free from all the early expedients for securing popular government. The general or aggregate meeting finds no place in its constitution, and the rules contain no provision for the Referendum or the Initiative. No countenance is given to the idea of Rotation of Office. No officers are elected by the members themselves. Finally, we have the complete abandonment of the delegate, and the substitution, both in fact and in name, of the representatives. On the other hand, the association is a fully equipped democratic state of the modern type. It has a cabinet appointed by and responsible only to that parliament. And, its chief executive officer, appointed once for all on grounds of efficiency,⁴² enjoys the civil service permanence of tenure.

The difficulty of combining popular control with effective administration was seen by the Webbs as the central problem of democracy, whether in government, trade unions or voluntary associations. And the solution - representative rather than direct democracy - was the same in each case.⁴³ What industrial democracy meant in the context of the internal government of trade unions, then, was the development of representative institutions which facilitated popular control and yet still enabled unions to maintain an efficient administration. In this way ordinary union members would be able to use their union effectively to protect - and promote - their interests as wage earners.

V

In the preceding discussion, we have seen that the Webbs' approach to redressing the abuses of private ownership entailed an attempt to resolve three distinct questions. First, how could the rights and interests of workers be protected without undermining the economic function of industry? Second, what was the place of trade unions within the larger

42. Ibid., p. 40.

43. Ibid., p. 60.

democratic framework? And, third, how could unions be organized to ensure that ordinary workers were able to control them and thus use them to defend their interests? They answered the first by arguing that workers ought to be organized into trade unions and that unions should be free to bargain over the terms and conditions of employment, subject to the limitations of the market and the public interest. Their reply to the second was that a democratic society ought to be a pluralist society: hence unions had an important role in advancing the interests of wage earners just as other groups promoted the interests of their members. As to the third question, the Webbs believed that internal union democracy could be best served by the adoption of a representative system which separated legislative from administrative functions and thus allowed elected representatives to control policy. In short, industrial democracy, as they defined it, entailed three things: collective bargaining between employers and unions; the pressure group activities of unions in relation to the state; and, the practice of internal union democracy.

Yet if the Webbs' arguments were designed primarily to advance the cause of trade unionism in their day, they also had conservative implications which have become increasingly clear in recent years. When trade unions were fighting for their very existence, the view that they ought not to participate in management was largely irrelevant. However, once they had attained a position of relative security, encroachments on managerial prerogatives became a distinct possibility. Consequently, the restrictions imposed by the Webbs' framework became more obvious. Like democratic theory which, in the hands of Bentham, was used to challenge the status quo, but subsequently had been utilized to support it, the Webbs' industrial framework has been used in recent years not to attack the power of employers, but to defend it.

However, it was left for post-war theorists to draw out the full implications of the Webbs' argument that what was to be produced and how it was to be produced were not questions for workers to decide. Consequently, we shall turn, in the following chapter, to examine the views of one of the leading contemporary advocates of the collective bargaining approach to industrial democracy, H.A. Clegg. Our purpose will be to show how the theory designed by the Webbs to further the interests of workers has become one of the most effective ideological weapons in preserving the power of property over them.

CHAPTER VIII

ACCOMMODATION WITH CAPITALISM: H.A. CLEGG'S THEORY OF
COLLECTIVE BARGAINING AS INDUSTRIAL DEMOCRACY

I

Although the theory of industrial democracy put forward by H.A. Clegg can be seen as a logical outgrowth of the Webbs' earlier position, rather surprisingly Clegg did not make an explicit attempt to relate his views to those of his Fabian precursors.¹ Nevertheless, Clegg's approach is sufficiently similar that it can be seen as an updated, if more conservative, version of the Webbs' position.² Like the Webbs, Clegg saw collective bargaining as the essence of industrial democracy and rejected workers' control. And, like the Webbs, he adhered to a pluralist view of political democracy and the role of trade unions within a democratic society.³

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1. Clegg uses the term 'industrial democracy' to encompass a wide variety of schemes which are "...based on a genuine concern for the rights of the workers in industry, particularly their right to a share in the control of industrial decisions." Thus he includes schemes for complete workers' control at the one extreme and schemes for 'straightforward collective bargaining at the other. H.A. Clegg, A New Approach to Industrial Democracy (Oxford, 1960) p. 3.
 2. References to 'capitalist autocracy' and 'capitalist dictatorship' are much less common, for example.
 3. Clegg's approach to industrial democracy was outlined explicitly in two major books, Industrial Democracy and Nationalization and A New Approach to Industrial Democracy. However, he also discussed the question to a lesser extent in a number of other works including The Future of Nationalization, Labour Relations in London Transport and Wage Policy and the Health Service. These latter studies also dealt with the problems of industrial relations in nationalized industries and the conclusions he drew from his research on these problems had considerable impact on his theoretical position. See: H.A. Clegg, Industrial Democracy and Nationalization (Oxford, 1951); H.A. Clegg and T.E. Chester, The Future of Nationalization (Oxford, 1953); H.A. Clegg, Labour Relations in London Transport (Oxford, 1950); H.A. Clegg and T.E. Chester, Wage Policy and the Health Service (Oxford, 1957). A most interesting and thoughtful discussion of H.A. Clegg's approach to the question of industrial democracy has been put forward by Robert Weinberg, in a University of London Ph.D. thesis entitled: Workers' Control: A Study in Socialist Thought (1960). Unfortunately, Weinberg's thesis was completed in draft before the publication of Clegg's book, A New Approach to Industrial Democracy in 1960. Consequently, the second of Clegg's two major books on industrial democracy is dealt with only in a brief postscript to his chapter on Clegg. Although Weinberg argues that his position in this latter book is basically the same as in Industrial Democracy and Nationalization, there are a number of alterations and revisions which indicate that Clegg's views had developed a step further. These points will be noted as we proceed to discuss Clegg's views in the following section.

However, Clegg's views can be distinguished from those of his Fabian predecessors in one major respect. Whereas the Webbs saw the major threat to industrial democracy coming from employers and hence campaigned to justify the growth of trade unions, Hugh Clegg saw the danger arising from workers and thus argued that the power of unions ought to be limited. The collective bargaining framework in his hands became a justification not for change, as the Webbs had used it, but rather for the preservation of the status quo. Indeed, with the growth of trade unions during the half century since the Webbs wrote Industrial Democracy, it became possible for writers such as Clegg to argue that industrial democracy had been achieved: hence, what was necessary was to protect it from zealots, particularly on the left, who wanted to destroy it.

II

Considering Clegg's commitment to the existing system of industrial relations in Great Britain, it was not surprising that he was anxious to show why the more radical views of anarchists and syndicalists were unacceptable. His attack on these theories of workers' control concentrated on two major areas: that they were theoretically inadequate; and, that they were practically unworkable.⁴ From a theoretical perspective, Clegg argued that neither anarchism nor syndicalism could reconcile the conflict between workers' control of industry and the protection of the interests of consumers and the public.⁵ On the practical side, Clegg felt that

4. H.A. Clegg, Labour Relations in London Transport, op. cit., pp. 4-7; H.A. Clegg and T.E. Chester, The Future of Nationalization, op. cit., pp. 3-20; H.A. Clegg, Industrial Democracy and Nationalization, op. cit., pp. 1-24; H.A. Clegg, A New Approach to Industrial Democracy, op. cit., pp. 3-12. Further comments are scattered throughout the preceding books.

5. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., pp. 8, 23, 24.

these theories were based on romantic notions of the capacity of workers for industrial self-government. Their advocates failed to recognize that in a highly differentiated industrial society workers' management was utopian because only those with the requisite technical or managerial skills were competent to manage industry.⁶

The grounds for his criticism of syndicalist and anarchist theories of workers' control were laid out clearly at the beginning of his first major book on industrial democracy:

Syndicalism must thus meet four distinct challenges: that the trade unions cannot take industry over by themselves and cannot, therefore, expect to be allowed to run it by themselves; that if the state nationalizes an industry, it does so primarily in the national interest and not in the interest of the workers in the industry, which would be the main concern of the unions if they had sole control; that trade unions have not the technical administrative and commercial experience to run a large scale industry; that trade union government of industry might be no more democratic than capitalist authoritarianism.⁷

This attack on anarchism and syndicalism was repeated more vigorously in A New Approach to Industrial Democracy a decade later. To reinforce his critique, Clegg underlined the popularity of early movements for workers' control. The goal of replacing private ownership with a system based upon co-operation among equals had been advocated by protest movements throughout Europe and America at the turn of the century. Syndicalists in France, the I.W.W. in America and the shop-stewards movement in Great Britain had all espoused some form of workers' management. Yet despite enthusiastic support for these movements, none succeeded. The reasons, according to Clegg, were complex but two commonly accepted ones were, first, the impact of the Russian revolution which gave support to the Communist doctrine of political rather than industrial

6. Ibid., p. 7.

7. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., p. 5.

action, and, second, the economic recession after the First World War which greatly weakened the unions. However, the most significant reason for their failure lay in the inherent deficiencies of the ideas themselves.

The end of the movements for workers' control, however, is to be explained as much by flaws in their thinking as by these circumstances which provided no more than the occasion of their downfall. The central tenet of their doctrine was self-government. They believed that working men and women could come together to run their own lives, not through representatives, not by controlling management and governments, but directly and by themselves. This notion is now dead. No one believes that direct industrial self-government would provide for the running of modern industrialized society.⁸

Early anarchist and syndicalist theories of workers' control were modified in Britain into what Clegg considered to be a more subtle and sophisticated, if less apocalyptic approach. Guild socialism had been developed by theorists such as G.D.H. Cole who recognized the limitations of earlier approaches and, consequently, had attempted to draw up a model of socialism which would reconcile workers' control with public accountability and protection of the interests of consumers. Moreover, in contrast to earlier theorists, who had stressed the importance of direct worker participation in management, guild socialists were willing to accept a system of industrial representation.⁹

Yet Clegg believed that the guild socialist solution was inadequate because the national guilds might well become so centralized that they stifled workers' control at the local level. In addition, the guild socialist framework allocated so much power to producers that there would be nothing to prevent them from exploiting consumers and the public.¹⁰

8. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., p. 5.

9. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., pp. 5, 6.

10. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., p.11.

Given these theoretical shortcomings, and the failure of the tactic of encroaching control during the period after the First World War, it was hardly surprising, Clegg argued, that the trade union movement had turned its back on guild socialism in favour of the more moderate views of men such as Herbert Morrison.

III

After showing why workers' control was not practical, Clegg proceeded to outline his own theory of industrial democracy. He began by analyzing the differences between liberal and Marxist approaches to democracy. The weakness of the latter, he argued, stemmed from the assumption that in a classless society, conflicts of interest would not exist. Hence there would be no need for organized opposition to government. Clegg thought this view dangerous for two reasons. First, even under socialism, individuals would have different interests on particular issues and hence would need to organize themselves into groups to further their interests. Second, the Marxist view failed to recognize that the elimination of opposition would result in massive concentration of power in the hands of the state. As the practice of communism in Eastern Europe and Russia demonstrated, such concentrations of power would lead to major abuses.¹¹

This analysis is confirmed by the experience of the totalitarian state. There, diversification of interests is outlawed. The true interest of every citizen is identical. Every organization which is not part of the state or the ruling party must be destroyed, absorbed, subordinated, or at best rendered politically ineffective.¹²

The reason Marxists had failed to see the need for opposition was that they had assumed that the democratically-run voluntary association

11. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., pp. 12-17.

12. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., p. 20.

in which all participated on an equal basis could be taken as a model for the state under socialism. This was inadequate, Clegg maintained, because voluntary associations did not have the same amount of control over their members as the state.

The nation itself is not a voluntary organization, and it is so large and the temptations of power are so great that government inevitably becomes arbitrary and oppressive unless some institutions act as a constant critic and check, with the strongest possible incentive to perform its tasks adequately (for the price of successful opposition is power).¹³

A second reason that small scale "democracies of common purpose" could not be used as a model for the state was that they did not confront the problem of size. The scale of operations in government, according to Clegg, meant that democratic practices which were workable and appropriate in small organizations were simply not applicable.¹⁴ Thus while both forms of democracy were based upon assumptions of political equality and freedom of speech, in an organization as large as the state these conditions were not sufficient to guarantee democracy.

...(D)emocracy of the common purpose or general will - democracy based on an organic political theory - is only acceptable within a relatively small organization; if the organization is sufficiently large it becomes a sham and a cover for authoritarianism.¹⁵

Other techniques of democracy thus became essential. The main technique devised in the liberal-democracies was that of organized opposition. This opposition, normally embodied in an alternative political party had to be free to criticize the government, seek support for its platform, and replace the government if it could gain the support of the majority.

After establishing that organized opposition was necessary for democracy, Clegg applied his theory to industry. Like the state, a large

13. Ibid., p. 16.

14. Ibid., pp. 121, 122.

15. Ibid., p. 121.

enterprise could not be run along the lines of the voluntary, democratic organization. Factors such as size, specialization, the need for technical expertise and the demands of efficient administration limited the ability of ordinary workers to participate directly in management. Thus another approach to democracy was required, namely, that used in the liberal-democratic state.

In the industrial setting the government was clearly management while the opposition was the trade union. By opposing management, trade unions protected the legitimate rights and interests of workers just as opposition political parties defended the rights of citizens. And by limiting the power of the government of industry, they transformed industrial absolutism into industrial democracy.¹⁶

The idea that the essential function of trade unions was one of opposition separated Clegg's views from earlier proponents of the collective bargaining approach to industrial democracy such as the Webbs. For this idea fused the pluralist notion of the need for independent political parties to oppose government with the existing role of trade unions as an opposition to management. By drawing a precise analogy between unions and opposition political parties, Clegg refined the pluralist notion of the need for independent opposition groups into a quite specific theory of industrial democracy and thus provided a much stronger justification for the use of the term 'democracy' to describe the collective bargaining approach.

16. Ibid., pp. 22, 23. Thus there is a major difference between the Webbs' analogy between industry and government and the one made by Clegg. The parallel the Webbs drew focussed on the similarity between trade union and parliamentary democracy. Their analogy did not apply to the government of industry itself and they drew no parallel between the role of opposition political parties and trade unions. However, Clegg assumed that the government of industry was analogous to a small-scale parliamentary democracy in which unions performed a role similar to that of the opposition in a parliamentary system.

Clegg's parliamentary analogy also gave proponents of the status quo an effective counter to the arguments of guild socialists and syndicalists who drew a more literal analogy between industry and government in which workers, like citizens, would exercise control on a one-man, one-vote basis. For if the essence of democracy was opposition, it was clear that these theories of workers' control were not democratic because they made no provision for organized opposition. Thus Clegg could argue that it was his theory and not that of the guild socialists or syndicalists which embodied the essential features of political democracy.

However, if trade unions were to play a role in industry similar to that of opposition political parties, it was essential that they resemble the latter in other respects. For example, they must maintain complete independence from the government of industry; otherwise, they would compromise their ability to challenge management. Participation in management would undermine their independence because it would involve acceptance of responsibility for implementing decisions.

The most important function of a trade union is to represent and defend the interests of its members. Trade unions owe their existence to the need felt by the workers for an organization to oppose managers and employers on their behalf. The trade union cannot then become the organ of industrial management; there would then be no one to oppose the management, and no hope of democracy. Nor can the union enter into an unholy alliance for the joint management of industry, for its opposition functions would then become subordinate, and finally stifled. They should not make any use of joint consultation to take a share in the running of industry.¹⁷

For the same reason, Clegg believed that workers should be represented only by trade unions. Representation by several organizations would lead to a fragmentation of workers' power and thus undermine their ability to oppose management. Moreover, conflicts among such organizations would be impossible to resolve because each would be the legitimate representative of worker interests. Hence workers would

17. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., pp. 131, 132.

be in the absurd position of opposing themselves. Similarly, the contention that workers could elect management and remain able to oppose it when necessary through their trade unions was quite incorrect because the result would be either that one organization would usurp the authority of the others and become a de facto management without effective opposition or, alternatively, that the different bodies would become deadlocked with the result that industry could not carry out its productive functions properly.¹⁸

In Industrial Democracy and Nationalization, Clegg drew another parallel between trade unions and political parties. In a political party, too much opposition to the leadership compromised the party's electoral ability because it made the party appear weak, divided and without clear-cut policies. "... (T)he more conflict there is within a party", Clegg maintained, "the less it is able to perform its function of providing strong government or vigorous opposition."¹⁹ Because the political party required a unified front to challenge the common enemy, it was perfectly acceptable that its leaders have considerable power - power which, on occasion, would have to be used to preserve party unity by limiting dissent.²⁰

Similarly, the concentration of decision-making power in the hands of union officials did not necessarily undermine the industrial democracy.²¹ This was so because the purpose of trade unions was to limit the power of management and an internally unified movement was more likely to prove

18. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., p. 21 and passim.

19. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., p. 18.

20. Ibid., p. 19.

21. Ibid., p. 21.

an effective opposition than one weakened by factionalism.²²

Underlying Clegg's scepticism of the benefits of vigorous opposition within the trade unions was his belief that such opposition was frequently Communist inspired. Communist opposition, he argued, was irresponsible opposition because Communists were not committed to the preservation of industrial democracy as he defined it. Their purpose was to use trade unions as instruments in the class struggle. Thus to tolerate such opposition within unions was to encourage the destruction of industrial

22. Ibid., pp. 21, 22.

In one of his most recent publications, Clegg does examine the question of trade union democracy in some detail, but his orientation is descriptive rather than normative. He looks at the rules and regulations used by specific unions to facilitate control of the leadership by the rank and file and concludes that although undemocratic practices do exist in some unions and leaders often have a disproportionate influence on union policies, British trade unions are not as undemocratic as their critics assume. Specifically, he rejects the claim made by Lipset, Trow and Coleman in Union Democracy that a formal opposition group such as exists in the International Typographical Union in the United States is the only effective method of guaranteeing trade union democracy. In concluding his discussion of this question, Clegg makes the following assertion:

"To sum up, it is clear that British trade unions are not autocracies and that trade union members have available to them a number of channels, varying from union to union, through which they can exert influence over their leaders. As in other large organizations there is a tendency in trade unions for power to concentrate at the top, but there are also a number of checks upon leaders." H.A. Clegg, The System of Industrial Relations in Great Britain (Oxford, 1970), Ch. 3 "Trade Union Government" (the quotation is from page 112.) See also: S.M. Lipset et al., Union Democracy (Glencoe, 1956).

democracy itself.²³ In stressing the need for internal unity rather than democracy, Clegg's approach constituted a major retreat from the Webbs' earlier position.

Although Clegg felt that his analogy between industrial and political democracy was sound, he recognized that it had limitations. One of the paradoxes of the role of unions as an organized opposition was that collective bargaining had, as its end result, the signing of a collective

23. This point is made explicitly in Industrial Democracy and Nationalization:

"...organized opposition in the British trade unions over the last twenty or thirty years has been largely Communist. Before 1930, and particularly in the period 1910-20, 'unofficial reform movements' were common - for instance amongst miners, railwaymen, engineers, and building workers - but the experience of the shop stewards' movement in the first world war and of the communist-inspired 'Minority Movement' in the twenties has inclined union leaders - often rightly - to see Communist influence behind any opposition to government, and to take disciplinary action. In many unions this has not ousted the Communists, but since power cannot be won by a single open contest at the polls, they have had to work by steps, marshalling block votes and capturing a place on a committee here and an official position there. Where this method begins to achieve success, the result is that the leadership of the unions, normally united in carrying out the agreed policies of the union, is split into bitter factions. When it has achieved complete success, leadership becomes united and effective, but even more solidly entrenched than ever, so that there is even less opportunity for organized opposition, and democracy is more remote than before." H.A. Clegg, Industrial Democracy and Nationalization, op. cit., p. 21.

Clegg has launched a similar attack on the left wing of the trade union movement in one of his recent publications: How to Run an Incomes Policy and Why We Made Such a Mess of the Last One (London, 1971). To quote him:

"Others are so conscious of the evils of our present social and economic system that they oppose government intervention in the hope that crisis can be turned into revolution. They have a better case. There are grave defects in our present social order and revolutionary socialist remedies have some attraction. But their case is undermined by two shortcomings. Firstly, for all the noise they make the number of British Revolutionaries is pitifully small. They and their predecessors have been proselytizing for a century or more, and they have made very little impression, at least since the first world war. I can see no prospect of their doing much better in the future. Secondly, by and large they are, in themselves, a terrifying group of people. They are zealots, and few things are more to be avoided by reasonable, tolerant, fair minded men than the rule of zealots." Ibid., p. 86 (my emphasis).

agreement in which unions and employers pledged to fulfil certain obligations.²⁴ Unlike the political party, trade unions had to accept some responsibility for the government of industry because if they adopted a stance of uncompromising opposition, the signing of a collective agreement - an agreement which provided concrete benefits for their members - would be impossible. Thus, paradoxically, opposition beyond a certain point was irresponsible because it conflicted with the best interests of union members.

Conversely, if unions were too co-operative they would fail to provide adequate opposition. Thus if they opposed too vigorously, or not enough, they would, in either case, jeopardize their members' interests. Finding the proper balance between accepting responsibility and maintaining independence was thus a delicate and complex task which was not made easier by the fact that, in signing a collective agreement, the union accepted responsibility for controlling the behaviour of its members. "From being a champion of the workers, it must change to acting as a policeman for a joint agreement with the employer."²⁵ Thus while unions must be free to oppose the government of industry, they must also accept responsibility for using their power wisely.

IV

Hugh Clegg is best known for his oppositional theory of industrial democracy. However, his work on nationalized industries is scarcely less significant, particularly as it represents a coherent and highly persuasive statement of the views of the right-wing of the Labour Party on nationalization. Although Clegg's enthusiasm for public ownership

24. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., p. 26.

25. Ibid., p. 27.

gradually waned as the cold war progressed, during the early post-war period he was a strong supporter of the Labour Government's nationalization measures and he made a number of suggestions about how to improve the administration of the new public enterprises.²⁶ Yet while Clegg believed in nationalization at the time, he felt that there was a good deal of confusion, particularly on the left, about what public ownership could be expected to achieve. In particular, he was concerned that pressure from the left wing of the Labour Party might lead to ill-advised attempts to bring workers into the actual management of public enterprises.²⁷

Clegg opposed worker participation in the management of nationalized industries for two basic reasons. First, like the Webbs, he felt that the purpose of nationalization was primarily to protect the interests of the public by bringing an end to certain abuses associated with private ownership. Because the purpose of public enterprise was to serve the community, it was only reasonable that the community's elected representatives, that is Parliament, ought to maintain control over its administration.²⁸ If workers took control there was no way to ensure that they would not exploit the public either through excessive charges for their services or through management inefficiency.

However, to the arguments developed by the Webbs, Clegg added a new reason for excluding workers from management. As we saw earlier, he believed that the essence of industrial democracy was opposition. Thus if the trade unions controlled the administration of public enterprises

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26. H.A. Clegg and T.E. Chester, The Future of Nationalization, op. cit., Ch. 3 and 4 esp. pp. 206-211.
27. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., Ch. 4; H.A. Clegg and T.E. Chester, The Future of Nationalization, op. cit., pp. 3-19.
28. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., pp. 40-53.

there would be no opposition and, consequently, no democracy.²⁹ Workers could ensure the protection of their interests only by retaining their independence from management. Thus it was not simply in the interests of consumers and the public that workers ought to be excluded from the management of industry, as the Webbs had assumed: it was in their own interests as well,

At the same time Clegg put forward a number of suggestions about how to reorganize the management structure of nationalized enterprises in order to improve industrial relations and eliminate bureaucratic procedures which Conservatives continually accused public enterprises of encouraging. He felt that more autonomy ought to be granted to local management and that the hierarchical arrangement of the Morrisonian approach ought to be replaced by a federal one in which local managers were accountable directly to the Minister.³⁰ Clegg also believed that there was considerable potential for improving industrial relations in public enterprises by providing managers with adequate training in the art of fostering better human relations and by placing greater stress, in their selection, on attributes of "...human sympathy, of willingness and ability to understand..."³¹ Yet none of these proposals, as Clegg readily admitted, would lead to a major change in the role of workers.

Clegg pointed out, in defence of this position, that the establishment of workers' control had been only one of a number of reasons put forward by socialists in support of nationalization. The desire to plan the

29. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., p. 25.

30. H.A. Clegg and T.E. Chester, The Future of Nationalization, op. cit., pp. 153-168. Of course, such an approach was not new. For example, Tawney argued that a "federal" rather than unitary structure ought to be adopted in the nationalized coal industry. See: R.H. Tawney, "The Nationalization of the Coal Industry" Labour Party Pamphlet (London, 1919) p. 26.

31. Ibid., p. 203 and passim.

economy in a rational way, to abolish the chaotic fluctuations of the trade cycle, to equalize income and wealth and to allocate resources on the basis of social need rather than profitability, all played a part in the arguments for ending private ownership. In the formulation of the Labour Party's policies on nationalization these other justifications rightfully had taken precedence over the desire to establish workers' control.³²

What was significant, then, about Clegg's early views on nationalized industries was that the position of workers was hardly different from their counterparts in the private sector. Because Clegg was adamant about the need for accountability to Parliament, the organizational structures he advocated differed only in points of detail from those of conventional business enterprises. Admittedly, he believed that a Labour Government in its role as employer would be more sympathetic to the needs and aspirations of workers in the nationalized industries than would private owners. And he believed that the elimination of the profit motive would curb the excesses engaged in by the more avaricious entrepreneurs. However, Clegg did not feel that it was either feasible or desirable for workers to participate in the management of nationalized industries.

V

Although Clegg had supported nationalization in his early works on industrial democracy, by 1960 when A New Approach to Industrial Democracy was published, his enthusiasm for public ownership had notably diminished. A long period of Conservative rule separated Industrial Democracy and Nationalization from this later work and under this

32. H.A. Clegg, Industrial Democracy and Nationalization, op. cit., p. 44.

changed political climate the possibilities of capturing the 'commanding heights' of the economy had greatly receded. Moreover, the issue of nationalization was undergoing a major re-assessment among democratic socialists in the West as the Cold War underlined the totalitarian possibilities of an economy controlled solely by the state. In this changed political climate, Clegg felt that justifications for nationalization carried less weight, while objections appeared considerably more plausible.³³

To this more sceptical attitude to the political consequences of nationalization was added the weight of Clegg's earlier research on labour relations in public enterprises. Although he had been anxious to know if industrial relations had improved in the industries nationalized by Attlee, he realized that an evaluation in 1950 was precipitous. However, under the influence of Herbert Morrison, an earlier Labour Government had nationalized transport in London in 1930. Clegg felt that sufficient time had passed in this industry to make a reasonable assessment of the benefits of nationalization for workers. Moreover, he believed that London Transport resembled the more recently nationalized industries closely enough to give his research a wider significance.³⁴

What he found, after an exhaustive inquiry into both the pre-nationalization and the post-nationalization labour practices of London Transport, was not encouraging for those who believed that nationalization would improve labour relations. For, while it was clear that things were

33. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., pp. 131, 132 and passim.

34. H.A. Clegg, Labour Relations in London Transport, op. cit. See also: Herbert Morrison, Socialisation and Transport (London, 1933).

no worse under nationalization, it was equally clear that they were no better:

Whatever a differently constituted Board might have done, and whatever the omissions of which London Transport had been guilty, we may conclude that, although London Transport may have served the public as well as, or better than, a private employer could have done, it has not so far achieved relations with its staff markedly better than in the old Traffic Combine, or markedly better than under good employers in other industries; it has not, so far, shown that the public corporation provides an adequate and permanent solution to the problems of relations between employer and employed, between union and management.³⁵

Clegg used these findings to support his claim a decade later in A New Approach to Industrial Democracy that ownership was irrelevant to good industrial relations.³⁶ Moreover, since it was clear that labour relations under public ownership were no better than under private, then there was no reason for workers to press for an extension of public ownership. Of course, public ownership might be advocated for other reasons. But these were not connected with improving the welfare of workers in their role as employees. ✓

Yet if workers had no reason to advocate further nationalization, Clegg argued in this latter book that they had a number of reasons for opposing it. Historically, industrial democracy had only been able to exist in the mixed economies of the West. Wherever the state had taken full control of economic life, as in the Soviet Bloc, free trade unionism had been suppressed.³⁷ Thus it appeared that substantial private ownership was essential to preserve the pluralistic economic and political framework upon which free trade unionism depended. In light of this analysis, further nationalization was undesirable and

35. Ibid., p. 188.

36. H.A. Clegg, A New Approach to Industrial Democracy, op. cit., pp. 35-41.

37. Ibid., pp. 131-134.

perhaps dangerous because it threatened the pluralist economic framework. Of course, Clegg did not deny that private ownership occasionally gave rise to abuses; but he now maintained that these deficiencies were, relatively speaking, far less significant than those which accompanied total state control. Ironically, the very private owners against whom the trade union movement had campaigned for so many years were actually the best guarantee of the preservation of industrial democracy in the West.

Clegg's new found willingness to countenance conservative arguments was, in part, a consequence of the fear of Communism - both at the international level and within the British trade union movement. Because he saw liberal democracy and Soviet Communism as polar systems and was unwilling to accept that other alternatives were feasible, he was anxious to preserve liberal democracy and the industrial relations system that accompanied it. In order to prevent the development of a monolithic state, it was necessary to protect existing opposition groups. Thus democratic socialists had to revise their earlier position that nationalization was desirable and replace it with the view that private enterprise ought to be maintained because it played an important role as an opposition group within the pluralist, liberal democratic framework and thus supported industrial democracy.³⁸ In advocating this position, Clegg was somewhat circumspect in his defence of private ownership. He did not discuss the benefits of privately owned enterprises in terms of better labour relations for workers. Nor did he attempt to justify the profits that accrued to the owners of such enterprises. Rather, he focussed attention on the negative features of public ownership and stressed that the system of labour relations in the liberal democracies of the West was substantially better than in their Communist counterparts.

38. Ibid., pp. 20-23 and passim.

VI

Clegg's conclusion was thus perfectly clear: industrial democracy was not only compatible with private ownership, as the Webbs had implied; it could be best realized under it. Workers' control was both unnecessary and dangerous. It was unnecessary because trade unions were perfectly capable of protecting the rights and interests of workers. It was dangerous because the elimination of opposition in industry would not lead to an expansion of democracy but rather to its elimination, as workers found themselves no longer able to oppose decisions which they felt were contrary to their interests. In short, Clegg's 'new approach' to industrial democracy involved a complete repudiation of the traditional goals of trade unionists and socialists.

CHAPTER IX

COLLECTIVE BARGAINING: REGULATING THE TERMS AND
CONDITIONS OF SUBORDINATION

The function of collective bargaining is to relieve or suppress symptoms rather than to cure the underlying malady. - Richard Hyman

I

A logical place to begin our discussion of collective bargaining is with the values upon which it is based. For much of what the Webbs and Hugh Clegg advocated in their outline of how industry ought to be organized was based upon quite specific assumptions about the purpose and meaning of work. Consequently, we shall attempt to clarify the objectives of industry as they defined them and point out how narrow and restricted these goals are. Moreover, we shall show how the collective bargaining framework fails even to attain the circumscribed goals which it is ostensibly designed to fulfil.

What is perhaps most striking about the approach of the Webbs and Hugh Clegg is the extent to which they accepted business priorities concerning the need for efficiency, productivity, and the maximization of output.¹ These were the criteria by which the success or failure of

1. This point has been emphasized by Daniel Bell, who notes that:

"Socialism, particularly in the West, has, in its view of work, been markedly utilitarian. Its concerns have been largely with the market. The economic guides to the socialist state, such as those by Dickinson, Lange and Lerner, sought to prove that market calculi were possible in a directed economy, while the social justifications of the Webbs were built on the premise that only socialism could promote efficiency and order. The humanistic impulses which stemmed from William Morris were lost...the Webbs...saw social change as a means to create order: their motive was a passion for efficiency. They had no feeling for people."

Daniel Bell, Work and its Discontents, op. cit., pp. 39-40. Although Bell is too hard on the Webbs, the point he makes is valid.

economic activity was to be measured and these were the criteria to which other possible goals of an industrial society had to be subordinated. It mattered little to them that these yardsticks originated in the desire of the private owner to maximize his profit, because they assumed that the community benefited from the cheapness and abundance of the goods and services which were the unintended consequence of his economic activities.²

Consequently, they accepted an approach to industry which was consumer, rather than producer, oriented. Industrial enterprises were beneficial primarily because they provided goods and services: hence efficiency and the growth of total production were of paramount importance in determining how industry ought to be organized.³ Even when they assessed the benefits workers were to receive from their contribution to production, they stressed the extrinsic rewards derived from work rather than the intrinsic satisfactions arising in it. The advantages of efficient production were to be realized in higher wages to be spent by workers in their capacity as consumers but not in producer gains such as job satisfaction or participation in decision-making. In short, they were to be derived from, but not in work.

The consumer oriented approach was explicitly outlined by the Webbs in their division of industry into three decision making areas: what was to be produced, how it was to be produced and under what conditions.⁴ This framework specifically excluded workers from participating in management, because the Webbs felt that workers were not sufficiently committed to the pursuit of efficiency to be trusted with this responsibility.

2. Sidney and Beatrice Webb, Industrial Democracy (London, 1927) 9th ed., (orig. pub. 1897), pp. 818, 819. Of course, the Webbs tended to favour public ownership, and, in particular, municipal ownership. But the purpose of industry was to be the same regardless of ownership.

3. Ibid., pp. 818, 821, 822.

4. Ibid., p. 822.

As we saw, they viewed producer preferences for the use of particular skills or techniques of production suspiciously as vested interests, rather than as methods by which producers were able to obtain fulfilment in their work. Disputes between workers and employers over how production was to be carried out were not seen as legitimate conflicts between producer and consumer values. Nor were they seen in terms of who was to control production on the shop floor.⁵ Rather they were interpreted as conflicts between managers attempting to introduce more efficient production methods in the public interest and workers attempting to impede such progress by striving selfishly to maintain antiquated methods of work.⁶

Consequently, while both the Webbs and Hugh Clegg wanted to improve the working conditions of the average worker, they still accepted the assumption that he was a factor of production to be used like other factors in promoting goals of business. They did not challenge the notion that labour was a commodity or the view that its value ought to be determined by the interplay of supply and demand in the market place.

Their instrumental view of the worker was accompanied by the adoption of another business assumption, namely, that it was the manager's job -

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5. Ibid., pp. 810, 811. It is interesting to note, in this context, that Sidney Webb gave a conditional endorsement to scientific management. The First World War underlined the need for greater efficiency and more systematic methods of production in British industry. It was thus not surprising that scientific management made its first major inroads in Britain during this period and its arrival was greeted by Sidney Webb as a major step forward in industrial management. See: Sidney Webb and Arnold Freeman, Great Britain After the War (London, 1916), Ch. VIII as cited by Samuel Haber, Efficiency and Uplift, op. cit., p. 120.
 6. As Alan Flanders notes, the attempt to define the activities of trade unions within a market framework also led the Webbs to ignore a wide range of factors associated with collective bargaining which had nothing to do with economic issues. In particular, normative questions concerning status, equity, differentials, disciplinary rules and other matters are often raised at the bargaining table. Similarly, the desire to be respected or to be treated with dignity cannot be reduced to economic terms, yet is obviously a legitimate aim of collective bargaining. See: Alan Flanders, "Collective Bargaining: A Theoretical Analysis" op. cit., pp. 226-230.

and his alone - to organize production. The worker was to be fitted in to perform whatever task management set out for him, just as the various machines were fitted in to perform their respective tasks. His role in industry was defined not in terms of the development of his abilities or the satisfaction of his needs but in terms of his capacity to perform tasks that could not as yet be performed by machines, because machines that could obey orders and carry out instructions had not yet been perfected.

The treatment of the worker as an object - at least as far as his producer interests were concerned - was, rather ironically, combined with the assumption that as an employee he was characterized by a pronounced disinclination to work. Thus management not only had the responsibility of organizing production; it also had the task of policing worker behaviour. In this regard, the Webbs took the view that work was not a co-operative venture but rather a painful necessity which workers would only perform under economic compulsion. Thus a hierarchical pattern of authority was essential if production were to be carried out efficiently.

Considering their consumer-oriented approach to the purpose of industry and their belief that the rewards of work were extrinsic rather than intrinsic, it is not surprising that the Webbs accepted the subordination of workers to management. For the costs of such subordination to the worker were believed to be relatively small compared with the consumer benefits arising from it.

Yet there is no reason to assume that fulfilment in work is necessarily less valuable than increased production. Nor is there any reason to assume that people with monotonous, routine jobs will be happier because they are better paid than those who have more stimulating jobs and less money. For the quality of life is not reflected in the quantity of goods and services people consume: it is determined by their ability to satisfy their needs. And, as we have seen in an earlier chapter, the need

for self-expression is fundamental to human happiness. Thus to suppress it merely to gain additional output can be a far greater limitation on the worker's happiness than to adopt methods of production which are less efficient, but more intrinsically satisfying.

The Webbs and Hugh Clegg refused to accept that opportunities for creativity and self-development at work were important. They ignored the deleterious effects of routine work on mental health and took no account of the adverse consequences of stultifying jobs on the happiness of workers, both on and off the job. Indeed, they believed that production ought to be organized exclusively according to the narrow, commercial criteria of business. Efficiency was to be pursued regardless of the non-economic costs it imposed on workers.

However, the issue is not limited to production techniques. To work in an atmosphere of co-operation and fellowship rather than hierarchy and discipline can contribute greatly to human happiness. Insofar as traditional managerial authority limits opportunities for the attainment of these goals, it can significantly reduce the social satisfactions associated with work. Similarly, management strategies which are designed to break-up work groups or foster competition among employees can poison social life at the workplace. Thus it is essential that the consumer benefits of such methods of organizing work be weighed against the costs to producers in terms of the loss of fellowship at work. Yet like the question of worker creativity, the Webbs and Hugh Clegg were not interested in taking account of such producer-oriented considerations. In their zeal for efficiency, the Webbs repudiated the view that industry ought to be a co-operative commonwealth based upon equality, fellowship and mutual aid.

For such a pattern of industrial organization would impede the maximization of production.

II

Because they accepted the basic values underlying private ownership and control, and because they believed that it was necessary for management to exercise control over workers, both the Webbs and Hugh Clegg defined the problem of industrial relations in terms of how to mitigate the abuses which tended to accompany such control while still maintaining an industrial structure which facilitated its exercise. Their criticism of hierarchical authority relationships under private ownership were based upon assumptions that they were wrong not because they allowed a minority to exercise control over the majority, but rather because they had no built-in safeguard to prevent the abuse of that control. Hence the Webbs wanted to establish a pattern of industrial organization based upon the use of capitalist techniques of social control to maximize output and the use of some mechanism to prevent the possible abuse of those techniques.

Trade unionism in its role as an organized opposition to management fulfilled such a function ideally. It limited the arbitrary power of managers, yet maintained the basic hierarchical structure of industrial enterprises. Thus we see that the role of unions in collective bargaining was vital to the approach of the Webbs and Clegg not simply because unions offered a method of protecting the rights and interests of workers but also because they did so in a way that could be reconciled with the basic priorities of business. The fact that trade unions and management negotiated the terms and conditions of employment enabled the Webbs and Clegg to argue that management's exercise of power was so hedged with constitutional safeguards that it was no longer objectionable. The function of trade unions

thus became, rather ironically, one of legitimizing management control by limiting its worst abuses.

The Webbs and Hugh Clegg tended to focus attention almost exclusively on how collective bargaining protected the rights and interests of workers.⁷ In doing so, they failed to discern how, in a broader context, this framework maintained the problems which sprang not from abuses of management power, but from its very existence. In emphasizing how much the lot of the average worker was improved by trade unions, they failed to notice how much more was left unchanged. By stressing the benefits of unionism, they failed to see that collective bargaining limited union activities to areas which were not only compatible with the priorities of business but quite incompatible with the advancement of the producer interests of workers.⁸ Moreover, in underlining the need to preserve managerial prerogatives over the organization of production, they failed to recognize that the preservation of these prerogatives undermined the very ability of unions to fulfil their more limited function of protecting workers in their capacity as employees.

In short, they did not appreciate how beneficial collective bargaining could be for employers. As Alan Flanders notes, the Webbs "...tended to assume that collective bargaining was something forced upon employers

7. This tendency to over-estimate the accomplishments of trade unions - real as they are - has by no means been limited to the Webbs and Hugh Clegg. For example, Anthony Crosland speaks enthusiastically about the extent of trade union encroachment on managerial prerogatives, expressing an opinion shared by many other right-wing socialists:

"The trade unions, skilfully exploiting the existence of a seller's market for labour, have established a remarkable degree of control over those management decisions which directly affect the day-to-day life of the worker." See: C.A.R. Crosland, The Conservative Enemy, (London, 1962) p. 218.

8. On this point see the excellent discussion by George F. Thomason, "Workers' Participation in Private Enterprise Organization" in Campbell Balfour (ed.) Participation in Industry (London, 1973) pp. 169-172.

against their will by strikes and other union sanctions."⁹ Yet from the employer's point of view, trade unions offer numerous benefits. Unions do not simply oppose, they also collaborate. In return for granting a union formal recognition, management normally extracts important concessions. For example, unions normally agree to respect management control of investment, planning, finance and the organization of production with the result that conflict is restricted to the terms and conditions of employment.¹⁰ Unions also play an important role in enforcing the terms of agreements among their own members.¹¹ Insofar as management can define the nature of its relationship with trade unions, it can use them for carrying out its policies and, in some cases, can gain concessions which it could not obtain on its own.¹²

As the economist, J.K. Galbraith, points out:

By helping to 'frame the rules and by participating in their administration through the grievance machinery, the union serves invaluable to mitigate the feeling that such systems or their administration are arbitrary or unjust. It is a measure of the importance of this function that, where the union does not exist, good management practice calls for the development of some substitute. In helping to prevent discontent and, therewith, a sense of alienation, the union also removes barriers to identification - barriers which once contributed to its own power.

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9. Alan Flanders, "Collective Bargaining: A Theoretical Analysis", op. cit., p. 215. Flanders also notes that in the nineteenth century, it was employers who frequently wanted collective bargaining because they were anxious to share in decisions normally made unilaterally by worker organizations.
 10. Murray Edelman "The Conservative Political Consequences of Labour Conflict" in Gerald G. Somers (ed.) Essays in Industrial Relations Theory (Ames, Iowa, 1969) pp. 164, 165.
 11. For example, unions can be of great assistance in persuading their members to accept redundancies, changes in manning levels, new work procedures and the like.
 12. Richard Hyman, Industrial Relations: A Marxist Introduction (London, 1975) pp. 106-113, 190-196; Stanley Aronowitz, "Trade Unionism and Workers' Control" in Gerry Hunnius et al., Workers' Control, op. cit. pp. 65. 66.

Also, while some unions have resisted technological change, others have greatly helped it by aiding the accommodation to change. They have helped to arrange a trade of higher pay, a shorter week, severance pay or other provision for those sacrificed for smaller employment. And they have persuaded their members to accept the bargain. The industrial system attaches great importance to such help. The union leader who provides it is accorded its highest encomium, that of labour statesman.¹³

What is remarkable, then, about the collective bargaining approach as outlined by the Webbs and Hugh Clegg, is not how different the situation of the worker is in comparison with his unorganized counterpart - although we would not deny that the organized worker is better off in some respects - but rather how similar it is.¹⁴ Management's legal responsibilities to shareholders are preserved. The organization of industry remains hierarchical and workers are still viewed as 'hands'. But most importantly, the basic purpose of business is the same. Trade unions were simply grafted to an organizational structure designed specifically to promote the interests of shareholders with little regard for whether that structure was compatible with the advancement of the interests of workers.¹⁵

Neither the Webbs nor Hugh Clegg were particularly interested in analyzing the managerial function. They did not distinguish between the technical and administrative role performed by managers and their role as

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13. J.K. Galbraith, The New Industrial State, op. cit., pp. 280, 281. See also: Murray Edelman, "The Conservative Political Consequences of Labour Conflict", op. cit., pp. 166, 167; Lee H. Hill and Charles R. Hook Jr., Management at the Bargaining Table (New York, 1945) as reprinted in E. Wright Blakke et al., Unions, Management and the Public (New York, 1948) pp. 323, 324; Stanley Arnowitz, "Trade Unionism and Workers' Control" in: Gerry Hunnius, et al., (ed.) Workers' Control, op. cit., pp. 63-68 and passim. Arnowitz gives a good account of the history of collaboration between union officials in the A.F.L. and later A.F.L.-C.I.O. and the companies they ostensibly opposed. One of their most important functions was that of suppressing the more radical elements within their union.
 14. This tendency to overestimate the gains of trade unionism has not, of course, been limited to collective bargaining theorists. As Richard Hyman notes, workers themselves frequently exaggerate the gains they have made - a tendency which is encouraged by union leaders who are anxious to maintain the commitment of rank and file workers to the union. See: Richard Hyman, Industrial Relations: A Marxist Introduction, op. cit., pp. 191-193.
 15. George F. Thomason, "Workers' Participation in Private Enterprise Organizations" op. cit., p. 169.

agents of social control, guaranteeing that the interests of shareholders took precedence over the needs of workers. Nor did they attempt to ascertain the extent to which the functions performed by management could be performed by workers. Instead, they accepted the existing role of management uncritically and assumed that those with technical and administrative expertise should be allowed a free hand to organize production.¹⁶ That managers might use their power to preserve class privilege was a question in which they showed surprisingly little curiosity. The Webbs and Hugh Clegg did not believe that the social background and class position of managers were important considerations influencing how they administered industry or that the status, power, income and other privileges associated with the manager's role might constitute major incentives for the preservation of managerial prerogatives independently of whether or not such prerogatives were necessary for the functioning of industry.

Finally, the Webbs and Hugh Clegg were surprisingly insensitive to the argument that giving management such power might be unwise when considerations other than efficiency, such as the desire to promote the socialist goal of a more egalitarian society, were taken into account.¹⁷

Thus we see that collective bargaining does not challenge the principles underlying the organization of industry within capitalist societies.

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16. On this point, see the critique of the technocratic approach to industrial organization by John Child in: "Organization: A Choice for Man" John Child (ed.) Man and Organization (London, 1973) esp. pp. 251-255. See also: Lorin Baritz, The Servants of Power, op. cit.; Stephen Marglin, "What Do Bosses Do?" Review of Radical Political Economists, Vol. 6 No. 2 Summer, 1974 and Vol. 7, No. 1 Spring 1975.
 17. One unintended consequence of their commitment to traditional management prerogatives was that management would continue to view trade unions as obstacles to be circumvented in the attempt to fulfil the purposes of the enterprises as defined by the owners - whether public or private. Within the collective bargaining framework, trade unions would still be seen as impediments to management's freedom of action. Ironically, it was even freer to pursue the goals of productivity and efficiency within the collective bargaining framework because it was now primarily the responsibility of the unions, to see that workers were protected from abuses of managerial power.

The right of those who own to control is sanctioned, subject to certain relatively minor limitations on the exercise of that control. The status of the worker remains that of a seller of labour rather than a producer who exercises control over his productive activities, and the purpose of work is still defined exclusively in terms of the production of things and not in terms of the satisfaction of the needs of those who produce.

III

Yet the collective bargaining approach is inadequate not simply because it fails to challenge the values underlying private ownership. Ironically, it also fails to accomplish its more narrowly defined task of protecting the interests of workers as employees. This failure is not the result of the inability of unions to perform the role assigned them within the collective bargaining framework, but rather because of the inadequacy of that role.¹⁸

Although the Webbs and Hugh Clegg maintained ^{that} the trade unions provided an effective counterbalance to management power within the collective bargaining framework, this claim is questionable because the equality of bargaining power which is the central premise of their pluralist approach simply does not exist.¹⁹

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18. Sidney and Beatrice Webb, Industrial Democracy, op. cit., pp. 819, 820, 841-846; H.A. Clegg, A New Approach to Industrial Democracy, op. cit., pp. 20-28. One can say to the credit of the Webbs that their pluralist framework did specify the legitimate spheres of different groups. Unlike many contemporary pluralists who simply assume that the existence of competing groups, regardless of their relative strengths, is a sufficient guarantee of democracy, they saw the competition among groups had to take place within a framework conducive to democracy. A simple free-for-all was simply 'not on'.
19. Of course, the Webbs and Hugh Clegg are by no means the only proponents of a pluralist industrial framework. See, for example, Clarke Kerr, John T. Dunlop et al., Industrial and Industrial Man, op. cit.; Ralf Dahrendorf, Class and Class Conflict in Industrial Society, op. cit.; C.A.R. Crosland, The Future of Socialism, op. cit., Ch. XIV; W.W. Daniel and Neil McIntosh, The Right to Manage (London, 1972) esp. Ch. 4 and 8; and what is perhaps the most persuasive statement of the pluralist position in: Alan Fox, "Industrial Sociology and Industrial Relations" (London, H.M.S.O. 1966). Fox has subsequently repudiated his pluralist views. See: Alan Fox, "Industrial Relations: A Social Critique of Pluralist Ideology" in John Child (ed.) Man and Organization (London, 1973). For statements of the pluralist arguments in the field of political theory see: Joseph Schumpeter, Socialism Capitalism and Democracy, op. cit.; Arthur Kornhauser, The Politics of Mass Society (London, 1960); Robert Dahl, A Preface to Democratic Theory op. cit.

But if managerial power is so overwhelmingly strong, why is this not obvious to everyone? The answer is that unilateral management control over major decisions such as investment, pricing, finance and the like is simply taken for granted. The notion of equality is confined to a limited range of issues associated with wages, hours and other personnel matters. Thus industrial disputes are not over the main issues of policy which firms pursue but over marginal labour relations questions. Unions know that to challenge investment decisions, pricing policies or similar matters would be futile because management could inflict such heavy costs on their members that they would be forced to renounce these demands and leave the bargaining table with nothing.²¹

Even during strikes the full power of management is rarely brought into play. As long as workers limit their demands to areas which are considered legitimate by management, the struggle is confined to establishing a mutually acceptable compromise within such boundaries. There are exceptions of course: when the union demands a concession which management believes to constitute an impingement on its fundamental control of the firm. Or, when management wants to weaken or destroy a union and feels secure enough to engage in a prolonged struggle to that end. But for the most part, disputes are restricted to haggling over the terms on which workers will be willing to sell their labour.

The exercise of management power is greatly facilitated by the fact that most business decisions are made quietly, behind closed doors, while

21. This point is well illustrated in William Serrin's account of the relationship between General Motors and the United Auto Workers. The U.A.W. has traditionally voiced its opposition to specific management prerogatives yet failed in every instance to wrest them from management. In the 1945-46 strike, Walter Reuther demanded a 30 per cent wage increase and a guarantee that G.M. would not raise its prices. He also demanded that the company open its books to the union. Not only were the last two demands quickly dropped but, in revenge, the company fought the strike for 36 days over a difference of one penny per hour in wages between it and the union. It won. See: William Serrin, The Company and the Union, op. cit., pp. 157-169.

attempts by trade union to change such decisions normally involve highly visible confrontation. Thus a firm can decide to close down a factory, or, indeed, an entire industry, without having to face public scrutiny. But a union which opposes such decisions can only make its case effective by techniques such as strikes, sit-ins and the like which give the appearance that it is engaging in 'strong-arm' tactics to force acceptance of its policies.

Thus the collective bargaining framework creates a situation where unilateral management decisions which vitally affect the lives of workers, and in some cases entire communities, are accepted, in a matter-of-fact way, as if it were perfectly normal - and justifiable - for a tiny group of business executives to control the lives of thousands of other people. Yet, conversely, attempts by the people whose lives are so affected to have a say in business decisions are interpreted as evidence of their willingness to use force to pursue their own selfish interests.

As Alan Fox has noted, companies have an interest in concealing their power. For in societies which profess to be democratic, the existence of organizations which have the ability to control the behaviour of the majority throughout their working lives, without having to be accountable to that majority, conflicts with the ethos of democracy. To expose the extent of business power is to flaunt the democratic ideal and thus raise the question of whether such power can be tolerated. Moreover, by creating the impression that it has relatively little power, especially in relation to trade unions, business can persuade the public that it is the power of the unions which must be curtailed, rather than its own.²²

A point which has been noted by many critics of pluralism in recent years is that power does not have to be overtly exercised to be effective.

22. Alan Fox, "A Social Critique of Pluralist Ideology" in John Child (ed.) Man and Organization (London, 1973) pp. 192-199, 209-212; Alan Fox, Man Mismanagement, op.cit., pp. 38, 39; Ralph Miliband, The State in Capitalist Society, op. cit., p. 146.

In fact, the greater the disparity in power the less likely it will be that the subordinate will challenge the dominant party. This is so because the subordinate realizes that the possibility of success is remote, while the likelihood of retribution for such a challenge is extremely high. Thus, if workers were to go on strike over an issue which posed a fundamental threat to managerial prerogatives, such as a demand to equalize all wages and salaries - to use an example of Alan Fox - it would quickly become apparent which side had more power.²³

A dispute over a wage demand of an additional ten pence per hour, when viewed from this larger perspective is of marginal significance to business. The fact that management may choose to fight rather than concede the ten pence is not an indication of the importance of the issue, for as we have seen in our study of management theory, management is always concerned to keep as much control as possible over the margins of the enterprise as well. If the union is not strong enough to force management to concede the additional ten pence per hour, then from the latter's viewpoint there is no reason to concede the demand. But the publicity given to such disputes in the press should not obscure the fact that they are peripheral when compared with the substantive decision-making areas where managerial prerogatives remain unopposed.²⁴

IV

To underline our argument on this question, it is perhaps fruitful to point out a number of areas where collective bargaining has failed to make any notable alteration in the exercise of managerial control. First, it has not led to any fundamental change in the legal authority of management,

23. Alan Fox, Man Mismanagement, op. cit., p. 211.

24. George F. Thompson, "Workers' Participation in Private Enterprise Organizations" op. cit., pp. 170, 171.

in the source of that authority in property or in the assumption that ownership ought to carry with it the right of control. Nor has it altered the legal view that the business enterprise is essentially a piece of property to be disposed of as its owners wish. As we pointed out in our discussion of management theory, workers have no right to participate in decision-making and the claims they can make upon the enterprise as people who invest their lives in it are still virtually non-existent in law.

Second, collective bargaining has not led to any fundamental change in the exercise of authority within business enterprises. Rather, certain minor limitations on the exercise of management power have been imposed. For example, management may have to give reasons before it dismisses employees, or provide adequate justification for the application of disciplinary measures. But management still controls the organization of work and retains the power to determine what and how much will be produced. The enterprise is not a co-operative endeavour but rather one in which the relationship between workers and employers is one of dominance and subordination.²⁵ As Richard Hyman points out: "Management still commands; workers are still obliged to obey. Trade unionism permits debate around the terms of workers' obedience; it does not challenge the fact of their subordination."²⁶

In this respect, one of the most fruitful methods of assessing the extent of managerial control is to examine disciplinary provisions in collective agreements to which unions have consented. In many cases

25. This fact has been noted by managers as well. For example, Alfred P. Sloan Jr. boasted that G.M. had been able to accommodate the demands of the U.A.W. "...without surrendering any of the basic responsibilities of management." Alfred P. Sloan Jr., My Years with General Motors, op. cit., p. 414.

26. Richard Hyman, Strikes (London, 1972) p. 96; See also: George F. Thompson, "Workers' Participation in Private Enterprise Organizations", op. cit. pp. 170, 171.

these provisions read more like a prison code than a set of rules to regulate the behaviour of workers who have, allegedly, gained industrial citizenship.²⁷ Often, the best that can be said about the impact of unions on managerial authority in this area is that they have mitigated some of its more glaring abuses. At the same time, they have failed to bring about any fundamental alteration in management's right to exercise such power.

Third, collective bargaining has not altered the hierarchical structure of business enterprise or reduced differentials in status, power and income between those at the bottom and those at the top. Instead, as enterprises have grown and the number of levels in their hierarchies of command have increased, differentials have widened. The gap between the salary of the managing director of a large multi-national and that of the lowest paid employee in his firm is normally a good deal greater than in a small enterprise.²⁸ Over a whole range of organizational decisions concerning issues such as salaries, expense accounts and other privileges accorded to managers,²⁹ collective bargaining simply does not apply. Workers can

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27. These rules and regulations are normally laid out in considerable detail in U.S. agreements. Different categories of offences with the relevant punishments are stipulated in the contract. Although unions may challenge whether an employee is guilty, if he is proved to be so it must not interfere in the company's disciplinary actions against him. For a good discussion of the importance of discipline in regulating the behaviour of workers see: William Serrin, The Company and the Union, op. cit. Although Serrin deals only with workers in G.M., such practices are typical of most other industries. See also: Walter Johnson, "Assembly Line Merry-Go Round" op. cit., pp.10-12 ; Hew Beynon, Working for Ford, op. cit.; G. David Garson, "Beyond Collective Bargaining" in Gerry Hunnius et al. (ed.) Workers' Control, op. cit., pp. 115, 116.
28. According to Serrin, the salaries of the top 17 officials of G.M. are roughly twenty-five times as high as those of the average production worker. See: William Serrin, The Company and the Union, op. cit.
29. Of course, it may be argued that there is nothing preventing trade unions from introducing such issues into negotiations with employers. However, while such topics could indeed be introduced, to do so would upset the pluralist framework advocated by both the Webbs and Hugh Clegg. For trade unions would then be attempting to influence policy making areas outside their legitimate spheres of influence because they would no longer be engaged in negotiating over the terms and conditions of employment of their own members, but over those of a group they did not represent.

negotiate for higher wages themselves but not for reductions in differentials between themselves and their superiors. Not surprisingly, the normal practice in large enterprises is to raise management salaries to an amount which corresponds to the percentage increase gained by workers. Managers readily admit that the purpose of this practice is to preserve differentials and thus maintain the division between workers and managers.³⁰

Fourth, trade unions have not been able to alter the distribution of income in the larger society either.³¹ The share of the surplus from industrial enterprises accruing to owners has remained relatively constant during the past century, even though union membership has grown dramatically during this period. Despite the numerous strikes, sit-ins, work-ins and other forms of industrial protest, the basic inequality between those who

30. For example, General Motors, according to Alfred P. Sloan, follows a policy of paying foremen "...at least 25 per cent higher than the earnings of the highest paid group of employees under their supervision." Alfred P. Sloan Jr., My Years With General Motors, op. cit., p. 415. See also: William Serrin, The Company and the Union, op. cit. Daniel Bell, "The Subversion of Collective Bargaining" in G. David Garson et al. (ed.) Workers' Control, op. cit., pp. 130-133.

31. G. David Garson, "Beyond Collective Bargaining" op. cit., p. 113. Garson argues that as long as employers are allowed to pass wage increased to consumers in the form of higher prices and as long as trade unions have no say in corporate pricing policy, it is impossible for them to alter this distribution of income. Victor Allen, in an earlier work, makes the same point. See: Victor Allen, "The Paradox of Militancy" in Robin Blackburn and Alexander Cockburn, The Incompatibles, op. cit., pp. 242-248; Daniel Bell, "The Subversion of Collective Bargaining" op. cit., pp. 121, 122. Bell's article is based partially on the findings of the Kefauver Committee. The Committee discovered how large U.S. companies used wage settlements as a justification for increasing prices far beyond the amount of money conceded to workers under the agreements. Thus unions were actually helping companies increase their profits! Ibid., pp. 125-128.

own and those who sell their labour remains.³² Not surprisingly, a number of conservative economists, such as Milton Friedman, have used this fact to argue that trade unions are of questionable value, because a century of collective bargaining has shown that they cannot alter the share of income going to labour.³³

While it may be argued that the purpose of collective bargaining per se is not to redistribute wealth, acceptance of this proposition leads to the conclusion that the function of trade unions is reduced to negotiating the conditions rather than the terms of employment.³⁴ While the conditions of employment obviously should not be ignored, economic issues still play a central role in the appeal of trade unions. If bargaining

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32. See, for example: R.M. Titmuss, Income Distribution and Social Change (London, 1962); Gabriel Kolko, Wealth and Power in America (New York, 1972) esp. Ch. 1; Frank Parkin, Class Inequality and Political Order (London, 1972) pp. 114-121; J.K. Galbraith, The New Industrial State (Harmondsworth, 1970), orig. pub. 1967; pp. 251-253, 266-285; J.H. Westergaard, "Sociology: The Myth of Classlessness" in Robin Blackburn, (ed.) Ideology and Social Science (Bungary, Suffolk, 1972) pp. 122-124; Robin Blackburn, "The Unequal Society" in Robin Blackburn and Alexander Cockburn, The Incompatibles (Harmondsworth, 1967) esp. pp.16-28; Richard Hyman, Strikes (London, 1972), pp. 77, 85, 86; Clive Jenkins and J.E. Mortimer, The Kinds of Laws the Unions Ought to Want (London, 1968) p. 8.
33. Friedman is not the only conservative economist to question the effectiveness of trade unions. See, for example, the doyen of conventional economists, Paul A. Samuelson, Economics (8th ed.) (London, 1972) pp. 565-584 and Clarke Kerr, "Labour's Income Share and the Labour Movement" in George W. Taylor and Frank C. Pierson (ed.) New Concepts of Wage Determination (New York, 1957). Recognition of the failure of trade unionism to redistribute wealth has also been an important factor influencing the proposals of some Labour Party members such as C.A.R. Crosland. Crosland has argued that the best way to improve the standard of living of working people is through high economic growth. Expanding the size of the industrial pie is of far greater importance for him than redistributing it, because redistribution is so much more difficult to achieve. C.A.R. Crosland, Socialism Now, op. cit., pp.63, 74-9.
34. Indeed, Clegg himself notes in one of his more recent publications that there is considerable doubt as to whether or not trade unions have been able to increase the share of corporate earnings allotted to wages as opposed to profits. And he is willing to accept the idea that the trade union function may indeed have to be limited to such non-economic areas in the future. But he does not relate such observations to the theory of collective bargaining as industrial democracy which he articulated in his earlier books. See: H.A. Clegg, How to Run an Incomes Policy and Why We Made Such a Mess of the Last One, op. cit., pp. 84-87.

over the terms of employment does not lead to wage increases which would be, in the long run, significantly higher than would be obtained without trade unions, then the argument that trade unions bring economic benefits to their members falls to the ground and with it the raison d'etre of a large part of the negotiations between unions and employers.

Fifth, trade unions have not been able to alter managerial prerogatives over a wide range of issues which directly affect the rights and interests of workers as employees, but are not considered to be negotiable in the collective bargaining process. For example, workers are excluded from policy decisions in areas such as planning, investment, the adoption of new product lines and the like, even though decisions in these areas have a crucial impact on them.³⁵ Failure to invest may result in future redundancies. Adoption of new machinery or processes may make existing skills obsolete or introduce new working conditions. And, the construction of new plants - often in other countries - may lead to the closure of the factories upon which union members depend for their livelihood. Even on questions such as redundancy where workers are vitally affected, it is often the case that the union can only attempt to reduce the detrimental effects of management decisions. Certainly, it cannot force management to provide work for all its members.

It may be argued that in cases such as the one just mentioned, economic imperatives force management to take unpopular decisions such as reducing the size of its workforce. But often management has made a series of investment decisions, perhaps originating five or ten years earlier, which makes the reduction of its workforce virtually inevitable. Under such circumstances, the limitations of the trade union power become quite clear. For if the union cannot influence investment policy, then the best that

35. George F. Thomason, "Workers' Participation in Private Enterprise Organizations" op. cit., pp. 170, 171.

it can hope to achieve is to make the redundancies as painless as possible. Yet what value is trade union opposition if management has deliberately set up a situation where the options open to trade unions are so limited as to be hardly considered as options at all?

Finally, collective bargaining has proved unable to provide adequate protection for the health and safety of workers . As we saw in our discussion of this topic, the human costs of industrial accidents and occupational diseases remain enormous, despite the presence of unions in many industries. Because unions have not had the power to challenge business priorities in this area, they have accepted conditions of work which posed a serious threat to the lives of their members. The failure of unions to rectify these problems - problems which have such a crucial impact on the lives of their members - underlines their weakness in relation to management.

The failure of collective bargaining in the areas just outlined substantiates our claim that the theory of industrial democracy as outlined by the Webbs, Hugh Clegg and other pluralists fails to protect the interests of workers. Unions operate within an organizational framework which gives management virtually unchecked prerogatives over the central issues which affect industry such as planning, investment, finance and the like, while restricting union activities to marginal questions associated with employment policy. And, even in this latter area, the ability of unions to protect their members' interests is highly circumscribed.

IV

When we outlined the views of the Webbs and Hugh Clegg in the preceding chapters, we noted a number of differences between their respective approaches as well as an underlying consensus on the appropriateness of the collective bargaining framework. Specifically, we pointed out that Hugh Clegg differed from the Webbs in his emphasis on the role of trade

unions as an organized opposition to management and in his scepticism about the benefits of nationalization. And we indicated that Clegg's approach to collective bargaining had distinctly conservative overtones. Indeed, he was more concerned with attacking proponents of workers' control than in challenging the power of private owners. Because Clegg's modifications of the collective bargaining framework have been highly influential in recent years, particularly in the context of the cold-war debate over the dangers of an economy controlled entirely by the state, it is fruitful to examine them in greater detail. Our purpose will be to show that Clegg's arguments in support of the private sector are highly questionable and that his opposition to further nationalization is based on a serious misunderstanding of the way public enterprises have functioned within the Western democracies.

One of the central themes in Clegg's approach was that the essence of democracy at the level of the state was opposition. It was opposition, more than any other factor, which distinguished the effective practice of democracy within large-scale organizations from the "democracy of common purpose" in small, voluntary associations. Clegg argued that the existence of an organized opposition had three clear benefits: it facilitated government accountability to the electorate, it limited abuses of power; and, it enabled individuals to defend their rights by appealing to the opposition party. ✓

However, Clegg's argument has been challenged by a number of critics who feel that he has distorted democratic theory. Paul Blumberg, for example, argues that it is not opposition but accountability which is the essence of democracy.³⁶ By itself, opposition does not guarantee accountability, he points out, using as an illustration the fact that the parliamentary system in England before the Second Reform Bill, with its restriction on the franchise, embodied opposition, but was not

36. Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 144, 145.

democratic. Similarly, competition among the monarchy, the nobles and the church in medieval Europe could hardly be taken as evidence that the interests of the majority were adequately represented.³⁷

In this refutation of Clegg's argument, Blumberg implies, but does not make explicit, a further criticism which is perhaps even more convincing. It is that the opposition, like the government, even in liberal democracy, may well reflect the existing power structure of society and thus limit its criticism to areas which do not offend powerful vested interests. Even if it does criticize these vested interests, this in no sense guarantees that it will challenge them once elected. Opposition, as Blumberg's two examples suggest, takes place within a specific historical, cultural and institutional framework which limits the extent to which opposition parties are willing, or able, to challenge the governing party and still maintain a legitimate place within the system.

As we have seen, Clegg argued that political democracy was most effective within a pluralist framework where various groups were able to lobby the government to protect the interests of the members. But such a framework would promote democracy only if the interests of all individuals were represented on a fairly equal basis. However, most groups lobbying government represent specific vested interests, particularly those of business and property, while the majority have no comparable groups to advance their interests. Thus to argue that the existence of groups guarantees that the interests of ordinary citizens will not be ignored, is, in practice, to legitimize the activities of privileged and powerful minorities in their attempts to ensure that their interests take precedence

37. Ibid., p. 144.

over the interests of the majority.³⁸

Returning to Blumberg's criticism of Clegg's approach, his second point is that Clegg's analogy between the role of opposition political parties and the role of trade unions is incorrect.³⁹ Opposition political parties seek to supplant the government, a role that Clegg expressly forbids trade unions attempting.

...(T)he crucial condition of any true multi-party system, or any system where political opposition exists, is that one or more parties is always ready and able to replace the party in power. An 'opposition' whose role is confined to protesting, making suggestions or criticizing, but which can never itself assume power, is not an effective or genuine opposition at all.⁴⁰

Moreover, employers are not formally accountable to the workers under their authority as the government is in a political democracy.⁴¹ Consequently, the argument that trade unions perform a function which parallels that of opposition parties is misleading on two counts. First, they cannot supplant management as opposition parties do. Second, their opposition does not make the government of industry accountable to the majority who work in it.

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38. There has been no lack of criticism of pluralism as applied to government and to industry in recent years. With regard to government, See: Ralph Miliband, The State in Capitalist Society (London, 1969), pp. 2-6, 146-149, 171-176; C.A. McCoy and John Playford (ed.) Apolitical Politics: A Critique of Behaviouralism (New York, 1967) (this is an excellent collection of articles on the topic); R.P. Wolff, "Beyond Tolerance", in R.P. Wolff, B. Moore Jr., and H. Marcuse, A Critique of Pure Tolerance (London, 1969); Carole Pateman, Participation and Democratic Theory, op. cit.; Henry S. Kariel, (ed.) Frontiers of Democratic Theory (New York, 1970) especially the articles by Gouldner, Bottomore, Kariel, Duncan and Lukes, Davis and Walker; T.B. Bottomore, Elites and Society (Harmondsworth, 1971) (orig. pub. 1969) esp. Ch. VI. For a perceptive critique of industrial pluralism see: Alan Fox "Industrial Relations: A Social Critique of Pluralist Ideology" in John Child (ed.) Man and Organization (London, 1973); also: Richard Hyman Strikes, op. cit., esp. pp. 155-160.
39. Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., p. 145. See also: Coates and Topham, The New Unionism, op. cit. pp. 40-46.
40. Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., p. 145 (his words in italics).
41. Ibid., p. 42.

A somewhat different but equally effective criticism of Clegg's analogy has been made by Coates and Topham in The New Unionism. They point out that in a political democracy, both the government and the opposition are elected, "whereas the two parties in industry arrive at their 'seats' by different methods..."⁴² And, they go on to argue that:

The 'government' in industry is in the hands of men who are not subject to any process of election. Inherited wealth is the single most influential factor in determining the composition of industrial government; education, skills and expertise are also influential to a greater or lesser degree, but, in a class society, there is no equality of opportunity in obtaining these qualifications. The trade union "opposition party" on the other hand, represents a mass voluntary movement, of working, and what is sometimes called lower middle class people. The representatives of that movement...are to a greater or lesser degree (depending upon the level of internal union democracy) governed by the views of the members of their organizations. The contrast between the sources of power of the two parties could not be more complete.⁴³

Not only is Clegg's argument that trade union opposition to management parallels that of opposition political parties in relation to government false: his assumption that there is a parallel between the management of industry and the government of a democratic state is also inaccurate.

Clegg's theory of industrial democracy has other weaknesses. For example, he asserts that only trade unions should represent workers because the existence of other groups would lead to factionalism and thus undermine the effectiveness of trade union opposition. Clegg's position here is based upon the assumption that the only interests workers have are their interests as employees. Hence there is only one possible function for an organization representing workers.⁴⁴ However, as the guild socialists argued more than half a century ago, workers have other interests as well,

42. Ken Coates and Tony Topham, The New Unionism, op. cit., p. 42.

43. Ibid., p. 42.

44. Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 159, 160.

the most important of which is their interest as producers.⁴⁵ Once this is accepted, it is no longer contradictory to argue that there should be a separate organization to represent each interest.

Turning to the question of conflict among different organizations representing the same workers, this problem is not as serious as Clegg suggests. In the political sphere, such conflicts occur frequently, as Robert Weinberg has noted.⁴⁶ For example, in the United States disputes between the President and the Congress - both elected by the same voters - are accepted as normal because it is assumed that each performs a distinct function for the electorate. Similarly, conflicts among local, provincial and national governments are interpreted as perfectly reasonable given that each group is elected to fulfil a specific set of functions and that these functions often overlap. Indeed, there is nothing inconsistent in saying that individuals themselves have conflicting interests. Workers may want shorter hours, higher wages, increased job satisfaction, more job security and other benefits, all of which must be reconciled when they decide what demands to make on their employers. Thus to argue that because the various organizations representing employees might conflict with each other on some issues is not to discredit the idea of separate, functional representation, because such organisations would merely reflect the conflicting interests of individuals themselves.

Another major theme of Clegg's approach is that private ownership is essential for the maintenance of industrial democracy. His argument is again based on the notion that pluralism is necessary for democracy, both

45. G.D.H. Cole, Self-Government in Industry (London, 1920); G.D.H. Cole, Guild Socialism Restated (London, 1921); See, as well, the account of Guild Socialism in: Harry W. Laidler, History of Socialism (New York, 1968), Ch. 23 and the excellent discussion by Bertrand Russell in Roads to Freedom (London, 1918) Ch. III.

46. Robert Weinberg, Workers' Control: A Study in Contemporary British Socialist Thought, op. cit. See also: Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 159-161 and passim.

political and industrial; hence the elimination of opposition, such as has occurred in the Soviet bloc, would undermine it. As we saw, Clegg supported this theoretical claim with his empirical research which indicated that labour relations in public enterprises were no better than in their private counterparts.

However, if we examine his arguments, both theoretical, and empirical, we find that they are seriously deficient. As we pointed out earlier, the existence of independent groups is no guarantee that the rights of individuals will be protected. Moreover, the groups Clegg wants to preserve have one major characteristic in common: they represent the vested interests of property. To argue that the most suitable method of protecting the interests of workers is to preserve a group of owners whose activities, both as employers and as a political pressure group have been largely hostile to workers, is curious indeed. For such an assertion ignores the history of trade unionism - a history of bitter struggle against these very same owners. And it underestimates the extent to which the owners of industry remain opposed to the growth of trade unions among workers who are currently not organized, as well as the expansion of union power among those who are.⁴⁷

Another contradiction in Clegg's assertion that we now have industrial democracy is that by his own criteria, half the workers in Britain and three quarters in North America do not because they are not unionized.⁴⁸ Obviously, there are a number of reasons why large numbers of workers remain unorganized, but one of the principal ones is employer

47. For a good discussion of the continuing opposition of private employers to unionization, particularly among their white collar staff, See: Clive Jenkins and Richard Mortimer, The Kind of Laws the Unions Ought to Want (London, 1968) pp. 57-67 and passim. The editorial position of magazines such as the Economist typifies the anti-trade union bias of many British employers. In the U.S., management theorists have also been quite open about their hostility to unionization as we noted in our discussion of job enrichment.

48. G. David Garson, "Beyond Collective Bargaining", op. cit., p. 114.

opposition to trade unions.⁴⁹ George Bain, one of the leading experts in Great Britain on the growth of white collar unions, identifies employer attitudes as one of the three major factors affecting union growth. Significantly, of Bain's other two factors, one is the attitude of government as expressed in labour legislation. (The final factor is employment concentration).⁵⁰

Moreover, one of the most salient facts about union growth in recent years, both in Europe and in North America, has been that governments, in their capacity as employers, have been notably more willing to accept unionization than private owners. According to George Bain:

The best illustration of the importance of employer policies and practices as a factor in trade union growth is provided in Great Britain by contrasting the public and private sectors of the economy. The density of white collar unionism in the civil service, local government and the nationalized industries is extremely high, even among managerial and executive grades...

By contrast with the public sector, the density of unionization among white collar employees in private industry is very low.⁵¹

Such evidence of the willingness of public enterprises to accept the very preconditions for industrial democracy contradicts Clegg's assertion that nationalization has no relationship with industrial democracy. For it demonstrably has.⁵²

49. Clive Jenkins and Richard Mortimer, The Kind of Laws the Unions Ought to Want, op. cit.

50. George Sayers Bain, The Growth of White Collar Unionism (Oxford, 1970) pp. 183-187.

51. Ibid., p. 126.

52. Ibid., p. 126. Clegg is, of course, aware of Bain's work.- they are colleagues at the Industrial Relations Unit, Warwick University - but has not, so far as I know, made any attempt to revise his previous contention that private enterprises, in their capacity as employers, are as good as their public counterparts. See: H.A. Clegg, The System of Industrial Relations in Great Britain (Oxford, 1970) pp. 62, 63. In this same book, he also noted that "...the post war Nationalization Acts laid a statutory duty on the boards to make provisions for collective bargaining..." and mentions that this provision of the Acts led to "...substantial increases..." in the number of white collar trade union members. Ibid., p. 368.

Yet while nationalized industries have shown considerable improvement over their private counterparts, it is also true that they have failed to live up to the expectations socialists originally had of them.⁵³ However, the reasons for their failure are not those suggested by Hugh Clegg. It is because the nationalized industries have been organized along lines similar to the private sector that they have failed to achieve their socialist objectives and not because the principle of nationalization is inherently deficient. Clegg's tacit assumption that nationalized industries embody the basic principles of socialism - or at least all the principles that are reasonably practicable - is highly misleading, for no attempt was made to implement many of these principles.⁵⁴

The purpose of nationalization for many socialists was to replace the narrow, commercial objectives of private ownership with a form of public ownership which would take into account broader social considerations. Such considerations were to extend in two directions. First, they were to influence decisions affecting the public with the result that market calculations would be subordinated, where necessary, to the overall benefit of the community. Second, they were to affect the internal relations of nationalized industries such that the happiness and well being of the workers employed would become a much more significant consideration in determining how they were run. Yet the Third Labour Government and its successors rejected the argument that criteria other than profitability ought to determine the policies followed by the nationalized industries. Although socialists had pointed out for many years that market calculations did not reflect the social costs and benefits of economic activity, the

53. For a good evaluation of the relative success of nationalized industries see: Richard Pryke, Public Enterprise in Practice (London, 1971); Michael Barratt-Brown "Public Enterprise Defended" Institute for Workers Control Pamphlet, No. 29 (Nottingham, 1971).

54. See: Raymond Williams, "The Meanings of Work" op. cit., p. 295 and passim; Clive Jenkins, Power at the Top (London, 1959); Michael Barratt-Brown, "Public Enterprise Defended" op. cit., pp. 31-39 and passim.

Labour Party was unwilling to commit itself to guidelines which challenged traditional financial criteria. Thus the success of nationalized industries was assessed not by the quality of service they provided, or the happiness of their employees, but by whether the books balanced.⁵⁵

Similarly, the conservative argument that former owners and their executives as well as "responsible" members of the financial community were needed to provide management expertise was accepted uncritically by the Labour Party.⁵⁶ By assuming that the management function was a neutral, technical one, rather than a class function, they acquiesced^{1h} to measures which facilitated dominance of the private sector over the public. In the process, socialist objectives were effectively undermined. Workers

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55. Robert Weinberg, Workers' Control: A Study in Contemporary British Socialist Thought, op. cit. Clegg himself points this out as we noted earlier. And, while he did believe that some accommodation to broader social considerations was desirable, he maintained that the discipline of cost accounting was essential to protect the public.
56. This policy was also followed when British Steel was re-nationalized. According to Anthony Sampson, the Labour Government again renounced the non-economic goals of nationalization and instead allowed B.S.C. to be run by men appointed on the basis of their previous business experience:

"The most exposed position of all, the windy ridge of nationalized industries, is occupied by Lord Melchett, the Chairman of the British Steel Corporation. For the last forty years steel has been a political shuttlecock, nationalized, denationalized, renationalized and now threatened with redenationalization at its edges. But in the last decade the whole context of the argument has really changed, for both parties. Steel is no longer a profitable industry, big units have become essential all over Europe; and the Labour Party no longer has dreams of a nationalized industry divorced from the profit motive. It was symbolic of their new attitude that when the B.S.C. was created in 1967 the minister concerned, who was Richard Marsh, should choose the Tory banker, Lord Melchett, in the belief that it needed a tough money-man to dominate the old steel Barons and their companies." Anthony Sampson, The New Anatomy of Britain (London, 1971) p. 622. Moreover, most of the managers who were active in the private steel companies remained after B.S.C. was created. See: The Scunthorpe Group, "The Struggle in Steel" in Trade Union Register (ed.) Michael Barratt-Brown and Ken Coates (Nottingham, 1973) pp. 151-153. In a recent interview on the B.B.C. Dr. Monty Finniston, the present Chairman of B.S.C. and one of the two most powerful executives under Melchett, stated that he hoped B.S.C. might be denationalized in five years if its performance were sufficiently profitable. With such attitudes among top executives, how could B.S.C. be expected to run on socialist lines?

had their demands for democratic participation stifled. The public was cheated out of the service it ought to have received. And the private sector which has quietly benefited so much from nationalization was able to point to the 'failure' of public ownership as a justification for the maintenance of its control over the economy.

When we turn to look at the industries which were nationalized, what is most notable is that virtually all of them were on the verge of insolvency.⁵⁷ Although anyone familiar with the way the coal miners were treated under private ownership could not but support the nationalization of the mines, this should not obscure the fact that the coal industry was in economic chaos. Similarly, the steel industry and railways were hardly in better condition. Although there was a good deal of discussion about how nationalization would foster greater equality by eliminating the profits accruing to owners, only the bankrupt industries were taken over while the profitable sectors of the economy were left in private hands.⁵⁸ Thus nationalization has distinctly conservative overtones, as Ralph Miliband points out:

...(I)t is hardly irrelevant to the issue that some of the nationalization measures proposed and carried through by the (Attlee) government had been advocated or at least endorsed by Conservative and Liberal politicians as early as the First World War and that as Professor Bradley has noted, a number of such nationalization measures have been recommended by Conservative dominated fact-finding and special investigation committees.⁵⁹

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57. Ralph Miliband, The State in Capitalist Society, op. cit., p. 108; Clive Jenkins, Power at the Top, op. cit.; Ken Coates and Tony Topham The New Unionism, op. cit. This has also been true of the most recent acquisition, British Leyland. And, when Rolls-Royce was taken over by the previous Conservative government, the profitable car manufacturing section was left in private hands.
58. Similarly, the highly profitable North Sea oil fields were given to private oil companies at bargain rates. Thus the enormous profits from the oil which should have been used to provide better social services, housing and education are instead flowing into the pockets of rich American shareholders.
59. Ralph Miliband, The State in Capitalist Society, op. cit., p. 108. See also: Michael Barratt-Brown "Public Enterprise Defended" op. cit., pp. 7-14.

Compensation paid to the former owners was, in most instances, highly generous because the Labour Government was anxious to avoid the criticism that it had expropriated without fair compensation. But the consequences of such liberal policies were quite detrimental to the industries involved. "By its over-generous compensation", notes Clive Jenkins, "it saddled the new public corporations with enormous liabilities and agreed on a 'bygones be bygones' policy with the financial interests which had milked certain industries of large profits and failed to maintain an adequate programme of reinvestment and research."⁶⁰ The former owners were thus able to invest their money in more profitable sectors of the economy while the government was left with the enormous burden of rebuilding enterprises which had been starved of investment for many years.⁶¹ The generous compensation also meant that nationalization resulted in no transfer of wealth or income and thus did nothing to promote the socialist objective of a more egalitarian society.

Moreover, as Coates and Topham note, it was not simply the lack of profitability that made nationalization acceptable to private owners. Of equal importance was the fact that the bankruptcy of industries such as coal, steel and transport would have affected the profitability of a whole array of other firms. The industries nationalized by the third Labour

60. Clive Jenkins, Power at the Top, op. cit., p. 13. For a recent analysis of the effects of compensation to the former owners of nationalized industries see: "Nationalization: The Interest Burden" Labour Research (June, 1975) pp. 132-134.

61. Ibid., p. 13. This criticism does not apply solely to the industries nationalized by the third Labour Government. More recent acquisitions such as the steel industry were equally run down. See: First Report from the Select Committee on Nationalized Industries, Session 1972-73: British Steel Corporation, (London, H.M.S.O.) as reviewed by William Robson The Political Quarterly, Vol. 45, No. 4, Oct.-Dec. 1974, p. 477. Robson notes that the "level of investment by the 14 nationalized companies was 'pitifully low' and that the companies were using 'obsolete or obsolescent plant'". An earlier pamphlet noted the same problems. See: Richard Pryke, "Why Steel?" Fabian Research Series, No. 248 (May, 1965), esp. pp. 8-18.

Government according to them were:

...failing to provide an adequate service to underpin the profit making of all those other industries which used their products. Since the major customers of the mine-owners and railway companies were other industries (rather than individual consumers), although the directors of the decrepit sector might put up, as a rearguard action, a political flight for the principles of 'free-enterprise', all the other business men, and the politicians who represented them, were not altogether unwilling to concede that nationalization might be an answer to the structural problems, provided that the affairs of the widened public sector remained subordinate to the rest of the private interests which depended on them.⁶²

When we turn to look at the administration of the nationalized industries in the post-war period, the conservative implications of nationalization become even more obvious. The most revealing study of how nationalized industries have been used to buttress the private sector is by Clive Jenkins, now president of A.S.T.M.S.⁶³ What is surprising about Jenkins' findings is that the connections between the private and public sector have been so overt. It is not simply that former owners and managers were appointed to run the nationalized enterprises. More significantly, these owners and managers retained their connections with the private sector and frequently have been associated with companies engaged in commercial transactions with the very nationalized industries which they were charged with protecting.

62. Ken Coates and Tony Topham, The New Unionism, op. cit., pp. 109, 110; See also: Michael Barratt-Brown, "Public Enterprise Defended" op. cit., pp. 9-15. Similarly, André Gotz, writing in reference to the French situation, notes how the nationalization of steel could benefit private industry. "Nationalization of the Steel Industry, for example, which was once a political aim, is today the least interesting of the foreseeable nationalizations, for this ancient industry is losing its speed, its profitability is low, and it is already virtually controlled by the State. Nationalization, instead of changing the power relations and opening a breach in the capitalist system, can also strengthen this system: a neo-capitalist government, in purchasing the steel industry, could render a service to its present owners by permitting them to invest their capital much more profitably in growing industries." André Gotz, A Strategy for Labour tr. by Martin A. Nicolaus and Victoria Ortiz, (Boston, 1967) (orig. pub. 1964) p. 13, footnote 7.

63. Clive Jenkins, Power at the Top, op. cit.

Jenkins documents a complex web of interconnections between private companies and the nationalized industries "... (O)f 131 names listed by Mr. Attlee on central nationalized boards", he points out, "sixty-one also held directorships in private companies, twenty-three were knights, nine were lords and three were generals."⁶⁴ During the subsequent period of Conservative rule the situation deteriorated further. For example, in 1956, the Conservative government appointed Mr. Gerard John Regis Leo d'Erlanger to head B.O.A.C. Mr. d'Erlanger had been dismissed from B.E.A. by the former Labour Minister in 1949 because of his bad labour relations practices and general incompetence. From 1949 until 1956 he was a director of Air France Ltd., a private company competing with B.O.A.C. Another director of Air France, Lord Rennell, was also on the board of B.O.A.C. during this period and remained with the board after d'Erlanger was appointed chairman.⁶⁵

Mr. d'Erlanger resigned from Air France when he accepted his new position at B.O.A.C. But he remained a vice-chairman of d'Erlanger Ltd., a merchant bank. The man who replaced him as a director of Air France was Mr. W.R. Merton who, as it happened, was also director of d'Erlanger Ltd. Merton was also one of three men who directed a third company, Forestal Land, Timber and Railway Co. Ltd. Who should appear as another director of this company? None other than Lord Randall who, aside from sitting on the board of B.O.A.C., was also director of Morgan, Grenfell, another merchant bank and a subsidiary of the U.S. based Morgan Guarantee Trust. The third man on the board of Forestal was another merchant banker, Mr. G.G. Phillips.⁶⁶ Mr. Phillips, coincidentally, was a director of

64. Ibid., p. 16.

65. Ibid., pp. 45-49 (Jenkins provides extensive documentation to support these claims).

66. Ibid., pp. 46-49.

The Times Publishing Co., The Equity and Law Life Assurance Society Ltd., and the English Electric Co.⁶⁷ The major business of Forestal was, not surprisingly, the sale of aircraft. The company acted as an overseas financier for most of the British aviation industry and its clients included Rolls Royce, Vickers, De Havilland, Lucas, Dunlop, Bristol and several other major companies. Mr. d'Erlanger and Lord Rennell were not the only members on the board with private interests. As Jenkins notes: "Six out of ten of the B.O.A.C. board have thirty-six company directorships between them, including seven chairmanships and five deputy chairmanships."⁶⁸

The policies followed by these men were highly detrimental to B.O.A.C. They encouraged the growing of private air carriers and prevented B.O.A.C. from competing with them. Profitable B.O.A.C. operations were terminated to make room for commercial operators and charter companies were allowed to 'cream off' the summer tourist traffic, while B.O.A.C. was forced to maintain unprofitable winter services - services which ought to have been paid for by the summer traffic which B.O.A.C. was denied.⁶⁹ Moreover, in all these activities the tightest secrecy was maintained. The trade unions were not consulted about such decisions, Jenkins claims, because the Board was anxious to prevent them from taking action to protect B.O.A.C. Faith with the unions was broken time after time. Under such circumstances joint consultation became a farce despite the constitutional obligation of the board to seek the views of trade unions.⁷⁰ The result of such policies by the Board of B.O.A.C. was to demoralize the workers and create a climate of industrial relations where suspicion and hostility, rather than co-operation, were the norm.

67. Ibid., pp. 54, 55.

68. Ibid., p. 67. These claims are documented with specific lists of each board member's financial connections. See: Ibid., pp. 82, 83.

69. Ibid., pp. 67-70.

70. Ibid., pp. 71, 72.

Yet B.O.A.C. is only one example of the network connections between the boards of nationalized industries and the private sector. Jenkins outlines the business connections of the directors of B.E.A., the Coal Board, the British Railways Commission and each of its regional Boards, the Gas Council and its Area Boards, the Central Electricity Authority and the Atomic Energy Authority. With the exception of the Central Electricity Authority, each public corporation had on its boards a number of businessmen with connections with the private sector. As in the case of B.O.A.C., these directors were commonly associated with companies dealing with the specific nationalized industry they were appointed to oversee.

These men influenced the policies of the other nationalized industries in ways that were detrimental to the public sector. For example, the Coal Board maintained artificially low prices throughout the 1950's in order to give British industry a competitive edge over its European counterparts. In periods of high demand, when the N.C.B. could not deliver adequate supplies, it had to purchase coal on the world market at the prevailing international price. But the Coal Board sold this coal to British customers at the lower British price. The difference was made up from its own funds. Between 1950 and 1956, this amounted to a total of £58 million.⁷¹ Such practices were perfectly acceptable to the men who dominated the Coal Board, despite vocal union criticisms. Given their connections with private sector companies which benefited from this cheap coal, the reason for their complacency is self-evident. Similar examples of the abuse of power by directors with private sector connections are given by Jenkins in the various other public enterprises mentioned earlier.

Although Jenkins' book was published in 1959, there is little indication that the manipulation of public enterprise by the private sector has

71. Ibid., pp. 127-134.

diminished in recent years.⁷² For example, during the period from 1967 to 1975, British Steel maintained its prices 30% below the level prevailing on the world market. This policy constituted a subsidy of £780,000,000 to engineering firms and other private companies purchasing steel from B.S.C.⁷³ The money could have been used both to reduce the burden of debt on the company and to invest in new equipment to secure the future employment of its workers. But it was not. To make things worse, the Conservative Government of Edward Heath "hived-off" some of the most profitable segments of B.S.C. to private owners at bargain prices.⁷⁴ Yet now the management of B.S.C. are campaigning to make 40,000 workers redundant because they say they are losing £170,000,000 per year.⁷⁵ That they are losing money ought not to be a surprise to anyone given their previous policies. But that they should ask the workers in B.S.C. to pay for these policies with their jobs is the height of audacity. It is thus not surprising that the unions are no longer willing to co-operate with management on many key issues, for their experience with B.S.C. indicates quite clearly that the management simply cannot be trusted.⁷⁶

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72. Thus, according to John Westergaard and Henrietta Reisler, in fiscal 1972-73, there were 30 part-time directors in the nationalized enterprises who were also active in the private sector. They held 179 directorships in private firms. See: John Westergaard and Henrietta Reisler, Class in a Capitalist Society, op. cit., p. 213.
73. John Fryer, The Sunday Times, Jan. 18, 1976. The losses in each fiscal year were as follows: 1967-68, £24 million; 1968-69, £74 million; 1969-70, £71 million; 1970-71, £99 million; 1971-72, £20 million; 1972-73, £76 million; 1973-74, £252 million; and 1974-75, £164 million.
74. See: "Hiving-off steel: The Sordid Story" Labour Research, Oct. 1973, pp. 210-211.
75. Although there has been a well-orchestrated press campaign supporting management in this effort, it is notable that the press has said virtually nothing about the massive subsidies granted to the private sector. Nor do recent press reports make any connection between B.S.C.'s present financial difficulties and these earlier policies.
76. When steel was nationalized, the Labour Government, as we noted in an earlier footnote, appointed Lord Melchett to oversee its operations. However, the other appointments to the board were equally favourable to the private sector. According to William Meade, they included "...four of the big steel company Chairmen and the managing director of another - and three directors of large engineering companies. Another four chairmen of the largest steel companies were made chairmen of the new regional groups." William Meade "Nationalized Steel" in Ken Coates (ed.) Can the Workers Run Industry? op. cit., p. 152.

Nationalized industries have also been prevented from expanding their activities into areas which would threaten the private sector. Thus while B.S.C. ought to have been following a policy of investing in the manufacture of related steel products to ensure alternative employment for workers displaced by new, capital-intensive techniques of steel manufacturing, it had its ancillary activities "hived off" instead.⁷⁷ Moreover, the managers of public corporations have shown far too little concern about questions such as redundancy. Instead of being anxious to find alternative employment for their workers even where this means branching into areas which are the traditional preserve of the private sector, they have been content to run down their workforces. Yet given the narrowly commercial criteria upon which their performance is evaluated, the composition of the boards of public enterprises and the pressures from industry and the media, it is clear why such policies have been followed.

The actions of such men as d'Erlanger of B.O.A.C. remained largely unaccountable to the public because the Labour Party accepted Herbert Morrison's position that managers must be free to manage without undue ministerial interference. However, the practical implication of this doctrine is not to ensure efficient management in the public interest. Rather it is to allow the private sector to manipulate public enterprises to its own advantage. Indeed, the nationalized industries have permitted a conflict of interest which is wholly unacceptable. No individual who has connections with private banking and industrial institutions should be allowed to oversee the operations of public industries. In this

77. See: "Hiving Off: The Sordid Story", Labour Research, Oct. 1973, pp. 210, 211.

respect the law on "conflict of interest" provides no effective protection to the public.⁷⁸

Public enterprises have also been used to aid the private sector in more subtle ways. This has been demonstrated most recently in the attempts by both Labour and Conservative governments to establish wage and price controls in order to curb inflation.⁷⁹ Despite assertions to the contrary, wage and price controls are far more effective in the public sector because it is directly subject to government scrutiny and control. In contrast, wage and price guidelines can be circumvented in the private sector by numerous methods which conform to the letter but not intent of the law. When salaries are frozen, expense accounts can be expanded and other fringe benefits arranged. In the case of some industries, both unions and management may be willing to circumvent the law - the unions because their members want higher wages and management because it feels that such wage concessions are cheaper than the cost of strikes or slow-downs. Hence mutually agreed methods of indirectly increasing wages

78. Nor does the law provide protection to the public from another serious abuse. Far too many public servants take up positions as directors of private companies upon retirement. Managers of public enterprises know that if they are sympathetic to the private sector during their years in the service of the public, they will be well rewarded upon retirement. One of the most notable examples of this practice is none other than Lord Robens, Chairman of the Coal Board from 1961-1971. According to a recent entry in the appointments section of the Financial Times, Feb. 2, 1976, Lord Robens has just been made a director of the St. Regis Paper Company, a New York based multi-national. The report notes that Robens is chairman of Vickers and of Johnson Matthey, and a director of the Bank of England and of the Times Newspapers Ltd. It is legitimate to ask whether men such as Lord Robens who are so committed to the private sector are likely to manage public enterprises according to the intent of the architects of nationalization. And, more to the point, it is legitimate to ask why writers such as C.A.R. Crosland and Hugh Clegg have not been sensitive to the larger conflicts of interest inherent in such practices.

79. In 1967, for example, the Labour Government published a White Paper which maintained that the policies of nationalized enterprises "must be influenced not only by considerations of a rational pricing policy and an acceptable rate of return on capital, but also by the purposes of the prices and incomes policy, that is the avoidance of inflationary pressures." See: C.C. Allen, The Structure of Industry in Britain, Third edition (London, 1969) p. 133; Michael Kidron, Western Capitalism Since the War (London, 1968) p. 90 and passim.

on fringe benefits are negotiated. Meanwhile, workers in the public sector are rarely offered such under-the-table agreements. As a consequence, their relative wages fall - sometimes dramatically - as a result of such government policies. The use of the public sector as a means of combatting inflation has become one of the travesties of nationalization, for politicians have been willing to sacrifice the interests of workers in the public sector in order to make short-term political gains.³⁰

But the most unfortunate effect of the manipulation of nationalized industries by the private sector has been that the demand by workers to participate in the running of their enterprises has been stifled. The businessmen and merchant bankers who sit on the boards of the nationalized industries do not want workers to have a greater say in decision-making because workers might well demand an end to the incestuous relationship with the private sector. This is a major reason underlying the relentless opposition by the conservative establishment to workers' control. For perceptive members of the owning class recognize that as long as they - and people like them - are able to control the policies of nationalized enterprises these enterprises will not pose any threat to the status quo. However, public enterprises embodying workers' control would be a different matter. Workers would be far less likely to accept policies which surreptitiously subsidized private interests. Nor would they be willing to tolerate practices such as "hiving-off" profitable segments of public enterprises. And, they would be unlikely to accept that narrowly commercial criteria should take precedence over the notions of public service and the provision of fulfilling work. Yet, as we have seen, the possibility of extending workers' control within the nationalized industries was never seriously contemplated.

Consequently, Clegg's assumptions about the "socialist" nature of nationalized industries are highly questionable. As with the issue of the management functions, Clegg assumed that a change of ownership without

30. For an excellent discussion of how the Labour Party's wage policies in the 1966-1970 period increased inequality within Britain, see: Leo Panitch, The Labour Party and the Trade Unions, University of London Ph.D. thesis, 1973. See also: Michael Barrett-Brown and Ken Coates, "Workers' Control in the Nationalized Industries", Spokesman Pamphlet No. 26 (Nottingham, 1972) pp. 4-7.

fundamental reorganization, or a shift in the purpose of nationalized enterprises was all that was necessary to promote socialism. But as long as those in charge of the nationalized enterprises exercise their right in conformity with the needs of private industry, there is nothing fundamentally incompatible between nationalization of certain sectors of the economy and the maintenance of the private enterprise system. The failure of nationalization in attaining the objectives of its socialist proponents can thus be seen not as a result of the deficiencies of the principle of nationalization, but rather of the compromised approach adopted by the Labour Party. Indeed, when the priorities established within public enterprises mirror those in the private sector and the management personnel are recruited from the top echelons of business, it is hardly surprising that nationalization has proved so disappointing for socialist

V

As the preceding analysis demonstrates, the collective bargaining approach fails to redress the abuses of private ownership outlined earlier. Because trade unions accept the values of business, their activities are confined to attempting to protect their members from its worst excesses. They do not challenge the view that the purpose of work is to maximize profits rather than to provide an avenue for the self-realisation of producers; nor do they question the assumption that labour is a commodity which can be bought and sold in the market place. Instead, they confine their role to regulating the terms and conditions of subordination and, as we have seen, they have achieved only marginal success in this latter quest.

Contrary to Clegg's argument that industrial democracy can be best achieved under private ownership, we have seen that the public sector has proved far more willing to accept the very precondition of industrial democracy: trade unionism. Yet for reasons which we noted earlier, public enterprise has never achieved its potential in this respect because it has been subject to numerous constraints, both commercial and political, from the private sector. Thus there is every reason to believe that freed from such constraints, public enterprise might well prove a most effective instrument in promoting industrial self-government if only the Labour Party and T.U.C. could be persuaded to adopt a more radical approach to its organization.

PART IV

WORKERS' CONTROL AS A RESPONSE TO MANAGERIAL POWER

CHAPTER X

R.H. TAWNEY: THE NORMATIVE APPROACH TO WORKERS' CONTROL

At present the power of directing industry rests with the owners of capital and their agents. The measure of their success is personal gain; the method by which they attain it is the organization of power, power which is mechanical and power which is human. Reformist movements, whether on the part of the workers or of the State, have acquiesced in that situation and conformed to the strategy it imposes. Accepting as unalterable the mastery of Capital and the subordination of Labour, they have aimed at limiting the former, or at making the latter less intolerable, by fixing a minimum of wages, sanitation, and education, and a maximum of hours, beyond which the workers should not be driven. Such a policy is sound in what it attacks and mischievous in what it accepts. For it assumes the relationship between capitalist employer and hired wage-worker, and that relationship itself is a vicious one. It is vicious because it classifies human beings as a part, and a subordinate part, of the mechanism of production, instead of treating that mechanism merely as an auxiliary to the labour of human beings. - R.H. Tawney

I

If the approach of the Webbs and Hugh Clegg to the problems of private ownership entailed an accommodation with the commercial values underlying it, R.H. Tawney's views constituted an outright rejection of such values.¹

1. In our examination of Tawney's views we shall concentrate our attention primarily on his writings during the period between the First and Second World Wars, and particularly the years following his work for the Sankey Commission. Obviously, like many other writers, Tawney did alter his position on certain points, but as Ross Tarrill in his excellent biography of Tawney points out, Tawney's views on socialism remained surprisingly consistent during this period with the specific changes in his position due more to changes in the political and social climate than to any retraction of the principles underlying his approach to socialism. It was only after the reforms implemented by the post-war Labour Government that Tawney's views appeared to shift slightly to the right as he came to believe that many of the inequalities of British Society had been reduced. However, as Richard Titmuss argues in his introduction to the last edition of Tawney's Equality, it is unclear whether Tawney would have praised the achievements of the Labour Government to the same extent had the recent research on the extent to which inequality has been preserved been known to him at the time. Given the ambivalence expressed in these last writings, it is perhaps appropriate to apply his judgement of the Webbs to himself: "... (I) t would be presumptuous to speculate further on the attitude of the Webbs to the problems of a world they could not foresee", R.H. Tawney, "The Webbs in perspective" (London, 1952) p. 18.

Rather than stressing the narrowly economic question of how to maximize output, Tawney pointed to the larger social and moral purpose of industry. Instead of accepting the industrial framework established by private ownership, and confining his criticisms to the question of how to protect workers from its worst abuses, Tawney maintained that industry ought to be founded on a quite different set of principles.

In contrast to the Webbs and Hugh Clegg, who saw nothing, in principle, wrong with the subordination of workers to capital, Tawney maintained that this subordination was an affront to human dignity because it assumed that men could be treated like machines.² Thus the problem of private ownership was not that it lacked constitutional safeguards protecting workers from abuses of employer power, but rather that the employer had the power to treat people as mere instruments of production in the first place. For this reason Tawney's approach focussed not on ameliorating the condition of the worker, but upon finding a satisfactory set of principles upon which to organize industry - a set of principles which would respect men's dignity at the place of work.

Tawney's approach to the question of how industry ought to be organized was thus a normative one.³ He believed that moral judgements were as

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2. Tawney referred to this difference in emphasis in the Webbs Memorial Lecture which he delivered in honour of their contribution to British social and intellectual life. Although he did not directly contrast his own views with theirs, the implicit comparison is clear as the following comment illustrates:

"It is true, however, that the authors looked at the economic world from the planning, directing, and managing end; envisioned their own task in intellectual terms, not as a mission of moral conversion but as the discovery of realistic and practicable solutions for specific problems, and saw more hope in the dull fabian war of attrition, with its succession of limited aims, than in the spectacular strategy preached by more dogmatic or emotional creeds..." R.H. Tawney, The Webbs and Their Work, (London, 1952) p. 8.

3. This is also the conclusion of Ross Terrill in his fine book on Tawney: R.H. Tawney and His Times: Socialism as Fellowship (London, 1974), (orig. pub. 1973) pp. 274, 275.

necessary and as valid in the economic sphere as they were in politics or religion and he was strongly opposed to attempts to separate the technical side of economic theory from the moral purposes underlying it. The question of efficiency, to take one example, was not simply one of how to maximize productivity. It involved questions about the social utility of what was produced and the effects of methods of production on the happiness of producers and the community. Such judgements could not be made by mathematical calculations, because they were about the relative significance of different values and, ultimately, about the effects of different patterns of industrial organization on human happiness.

Consequently, Tawney rejected the view that economic activity was guided by objective laws which operated independently of human volition. The major 'economic' questions were, ultimately, questions of morality and had to be decided accordingly:

...industrial issues must be understood for what they are. They must cease to be sophisticated by being treated as exclusively or predominantly an economic issue, to be discussed in economic terms, and to be solved by economic considerations. Considerations of economic efficiency is one element (sic), and only one, and not the most important element, in questions which, insofar as they are concerned with the individual are human or spiritual, and, insofar as they are concerned with society, are political, in the larger sense of word "Politics". There has been no more mischievous habit of thought than the smiling illusion which erected into a philosophy the conception that industry is a mechanism, moving by quasi-mechanical laws and adjusted by the play of non-moral forces, in which methods of organization and social relationships are to be determined solely by considerations of economic convenience and productive efficiency. By erecting an artificial barrier between the economic life of society and its religion, its art, the moral traditions, and kindly feelings of human beings, that doctrine degrades the former and sterilizes the latter.⁴

Tawney equated capitalism with industrialism, a perjorative label he used to denote a society based upon the principle that the paramount social

4. R.H. Tawney, "Radical Social Reconstruction" in: S.J. Chapman (ed.) Labour and Capital After the War (London, 1918) pp. 98, 99. See also: R.H. Tawney, The British Labour Movement (New York, 1925) pp.150-154

value was industrial production and that all other aspects of society ought to be subordinated to the cause of increasing output.⁵ "Industrialism", he argued, was like "Prussian militarism", in that it referred not simply to a particular economic - or in the latter case, military - structure but to the belief that the sole criterion for establishing the value of a society was its economic - or military - success.⁶

The essence of industrialism, in short, is not any particular method of industry, but a particular estimate of the importance of industry, which results in it being thought the only thing that is important at all, so that it is elevated from the subordinate place which it should occupy among human interests into being the standard by which all other activities are judged.⁷

Industrialism denigrated the pursuit of purposes not related to production and thus distorted social priorities. Rather than providing a material base for the pursuit of knowledge, cultural activities or spiritual values, it fostered, or discouraged, such activities solely on the basis of their commercial value.⁸ Thus instead of the economy being organized to satisfy human needs and to provide the material foundation for a rich and varied community life, the life of the community was subordinated to the needs of the economy.⁹

The detrimental effects of industrialism affected not only the larger social framework but also the specific organization of industry. In this latter area, it subordinated the happiness of producers to the interests of shareholders in maximizing output and thereby increasing their profits. And it fostered the idea that the purpose of industry was not to provide a service to the community but rather to enrich its owners, often at the expense of consumers and workers.

5. R.H. Tawney, The Acquisitive Society (London, 1921) pp. 35-43.

6. Ibid., pp. 43, 45.

7. Ibid., p. 44.

8. Ibid., pp. 42-48.

9. Ibid., pp. 33-37

Capitalism thus denigrated the social value of work and the contribution of those who produced. Moreover, it distorted attitudes towards work because it divorced it from the fulfilment of any social function. It thus destroyed the satisfaction associated with making a useful contribution to the community and, in its place, substituted the notion that the value of work was proportional to the payment received, without regard for the service rendered.¹⁰

II

The belief that each individual had the right to pursue his self-interest without regard for the social consequences of his actions, promoted industrial warfare, Tawney argued, because there was no common purpose or social principle by which conflicting desires could be resolved. Consequently, disputes could only be settled on the basis of the relative power of the parties concerned. And, the agreements so reached were respected only until one of the parties felt it was in his interest to renew hostilities. Thus conflict between employers and workers was not a product of misunderstandings, personal greed or unscrupulous agitators but a logical outcome of the competitive principles underlying private ownership.¹¹

Because industrial conflict was a direct consequence of the principles of capitalism, Tawney argued that it could not be resolved by devices such as compulsory arbitration, as many proponents of free enterprise believed. For compulsory arbitration was based on the assumption that an impartial arbitrator could arrive at a compromise which would be fair to both sides of industry. However, the system was not based on the

10. R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 115.

11. R.H. Tawney, The Acquisitive Society, op. cit., pp. 40-42.

principles of social justice in the first place; hence there could be nothing 'fair' about adjustments within the system.¹²

In reality, compulsory arbitration is the opposite of any policy which such an authority could pursue either with justice or with hope of success. For it takes for granted the stability of existing relationships and intervenes to adjust incidental disputes upon the assumption that their equity is recognized and their permanence desired. In industry, however, the equity of existing relationships is precisely the point at issue.¹³

Moreover, in practice, compulsory arbitration merely supported the position of employers because it denied workers the only effective weapon they had to protect their interests - the strike. By making it unlawful for workers to withdraw their labour, it "extinguished" their rights. Thus far from being an instrument of justice compulsory arbitration was little more than a euphemism for compulsory labour.¹⁴

Tawney was not persuaded, either, that industrial conflict could be solved by increasing production. The Taylorist argument that workers ought to renounce their opposition to employers and concentrate their energies on expanding output to their mutual benefit took for granted the existing distribution of the fruits of industry. It assumed that the basic inequality of private ownership could be papered over by greater material prosperity. This was mistaken, Tawney asserted, because a normative issue could not be resolved merely by increasing production. No matter how much additional output was attained, the question of the justness of the

12. Ibid., pp. 94-96.

13. Ibid., p. 95.

14. Ibid., pp. 94-96.

distribution of industry's products remained. Consequently, there was no reason to assume that prosperity would end industrial disputes.¹⁵

The solution to industrial conflict, Tawney argued, lay not in state intervention to support the status quo, or increases in output, but rather in organizing industry on the basis of public service. The view that the purpose of industrial activity was to enrich private owners must be replaced by the view that its purpose was to provide a service to the community and hence that the organizational principles upon which industry ought to be based were ones of co-operation and fellowship rather than competition. Tawney believed that once such principles were adopted, it would be possible to resolve industrial conflict on the basis not of power but of morality.

If miners demanded higher wages when every superfluous charge on coal-getting had been eliminated, there would be a principle with which to meet their claims - the principle that one group of workers ought not to encroach upon the livelihood of others. But as long as mineral owners extract royalties and exceptionally productive mines pay thirty percent to absentee shareholders there is no valid answer to a demand for higher wages. For if the community pays anything at all to those who do not work it can afford to pay more to those who do.¹⁶

So long as the underlying philosophy of industry was one which accepted the right of each individual to use his economic power to extract whatever he could obtain from the economy there was no possibility of resolving industrial conflict because there were no grounds of fairness or equity to

15. R.H. Tawney, "Radical Social Reconstruction", op. cit., pp. 94, 95; R.H. Tawney, The Acquisitive Society, op. cit., p. 42; R.H. Tawney, The British Labour Movement, op. cit., pp. 152, 153. Tawney also rejected the argument that if the property of the wealthy were equally divided among all citizens, this would result in no great gain for working people as the share going to each would be quite small on the grounds that: "sailors in a (life) boat have no room for first class passengers, and, the smaller the total national income the more important it is that none of it be mis-applied." The Acquisitive Society, op. cit., p. 80 (my word in italics).

16. R.H. Tawney, The Acquisitive Society, op. cit., p. 42.

which individuals would be willing to subordinate their personal desires. Only if the underlying principles upon which industry rested were based upon a commonly accepted set of moral values, could it be brought to an end.¹⁷

III

Tawney saw private ownership of the means of production not only as a pattern of economic relationships, but also as a system of power.¹⁸ However, his position on the relationship between economic and political power was not the same as that of Marx primarily because, like Russell, he felt that dominance in other areas of life, such as religion, military affairs or politics, could occasionally prove overriding.¹⁹ Yet if it was "...not the case..." according to Tawney, "...that all forms of power are, in the last resort, economic..." it was nonetheless true that within capitalist societies economic power was of central importance.²⁰

Economic power has a special significance in industrial societies, owing to the nature of the social structure that great industry produces. In regions where the pattern of life is drawn by petty agriculture and small scale industry, economic interests may be a consuming passion, as with the peasant who ruins his own and his family's health in order to add a few roods to his holding. But the force which they wield is small, since it is broken up into fragments. It is dispersed in numerous small rivulets, each of which would irrigate a meadow, but which cannot, till collected, generate the energy to drive an engine.²¹

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17. This theme was repeated in most of his writings on the topic and elaborated in some detail in the following: R.H. Tawney, The Acquisitive Society, op. cit., pp. 74-79 and passim, R.H. Tawney, "Radical Social Reconstruction" op. cit., pp. 98-104; R.H. Tawney, Equality (London, 1964) (1952 ed., first pub. 1931), pp. 164-169.
 18. R.H. Tawney, The Acquisition Society, op. cit., p. 77; also: "We Mean Freedom" in: R.H. Tawney, The Attack and Other Papers (London, 1953) Fabian Society Lecture, 1944, pp. 89, 90.
 19. Bertrand Russell, Power: A New Social Analysis (London, 1934).
 20. R.H. Tawney, Equality, op. cit., p. 160. See also: Ross Terrill, R.H. Tawney and His Times, op. cit., p. 144.
 21. R.H. Tawney, Equality, op. cit., pp. 160, 161.

In contrast, economic affairs in an industrialised society were highly concentrated, giving those who owned and directed the means of producing considerable power over the majority who were dependent upon them for their livelihood. "The influence of the spider is limited by the size of his web...", Tawney remarked, and as the web of interdependence in industrial societies encompassed so much of life, the influence of the capitalist spider was that much greater than that of his earlier property-owning counterpart - the small peasant landowner. Moreover, Tawney argued that economic power was becoming more concentrated, as the scale of industrial enterprises increased dramatically with every passing decade.²²

Thus Tawney felt that one of the central problems of an industrial society was how to reconcile such concentrations of economic power with the democratic ideal. It was not adequate to claim, in defence of the power of owners, that it was private and hence that its exercise was their exclusive prerogative, for its effects were social.²³ Industrial authority, like political authority in a democracy must be evaluated not in terms of abstract ownership rights, but according to its concrete social effects. Because the decisions made in industry had such a profound effect on the community, it was essential that they be subject to some form of public accountability. Thus the principle that those whose lives were affected by decisions ought to control them, applied to industry as well as government. In practical terms, this meant that industrial power must be subject to the control of workers.²⁴

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22. Ibid., p. 161. See also: "Radical Social Reconstruction," op. cit., pp. 102, 103; The Acquisitive Society, op. cit., pp. 164-169. Significantly, Tawney left his strongly worded attack on monopoly in the 1952 edition of Equality - an edition in which he took the trouble to write an additional chapter, thus indicating that his opposition was as strong in the post World War II period as it had been after World War I.
23. R.H. Tawney, The British Labour Movement, op. cit., pp. 156-159; R.H. Tawney, The Acquisitive Society, op. cit., pp. 74-78; R.H. Tawney, "The Western Political Tradition" Burge Memorial Lecture (London, 1949) pp. 20-24.
24. R.H. Tawney, "Radical Social Reconstruction", op. cit., pp. 103, 104; Equality, op. cit., p. 161.

The economic power that capitalism gave to the owners of industrial enterprises had wider ramifications. It supported the existence of a class structure which denied the majority of decent education, housing, medical care and an adequate standard of living while giving those at the top the right to waste the resources of society on frivolous luxuries.²⁵ It prevented the majority from developing their various talents and skills while inculcating in them habits of deference and servility. And, ultimately, it undermined political democracy itself by giving those with economic power a disproportionate amount of influence in political matters, while effectively discouraging working people from exercising their political rights. Thus private ownership of industry was not only objectionable because it treated individuals badly in their capacity as employees; the inequalities it encouraged were antithetical to the development of an effective system of political democracy.²⁶

IV

Unlike Clegg, Tawney was not impressed with the argument that, despite its flaws, capitalism provided the only safeguard for individual liberty. Liberty for the pike, he dryly commented meant death for the minnows.²⁷ Likewise the liberty of the private owner to pursue his self-interest without moral or social restraints diminished the liberty of the workers over whom he exercised authority. If criticisms of socialism were based on the assumption that it reduced the opportunity for men to behave as freely as Attila, the Hun, then, Tawney agreed, socialism did indeed

25. R.H. Tawney, The Acquisitive Society, op. cit., pp. 38, 39, 80-82; R.H. Tawney, The British Labour Movement, op. cit., pp. 151-158.

26. R.H. Tawney, The Acquisitive Society, op. cit., pp. 129, 130.

27. R.H. Tawney, as cited by Ross Terrill, R.H. Tawney and His Times: Socialism as Fellowship, op. cit. p. 134.

entail a severe restriction on liberty. However, if what was meant was that it restricted the ability of ordinary working people to control as much of their lives as was compatible with a similar degree of control by their fellowmen, then the charge was false. For socialism was concerned with the freedom of the minnows, not the pike; thus it was essential, in the interests of the former, to constrain the actions of the latter.

Tawney rejected the view that liberty was an abstract concept which could be applied irrespective of its specific social and economic context. Liberty among human beings was a relational matter, because society was not composed of atomistic men, but of people living in communities where the actions of each affected the rest. In an industrial society with its high degree of interdependence, it was facile to pretend that the liberty of the capitalist could co-exist with a similar degree of liberty on the part of the employees over whom he had so much power.

Because industrial societies gave rise, of necessity, to so much interdependence among people and because many industrial enterprises could only be conducted on a fairly large scale to take advantage of the benefits of technology, the only effective way to ensure the liberty of the majority was to make those in positions of authority accountable to the people their decisions affected. "Economic freedom must develop, in short, through the applications of representative institutions to industry."²⁸

Thus Tawney differed from the Webbs and Hugh Clegg on the key question of what constituted the principal threat to the freedom of workers in industry, for he believed that this threat lay not in the lack of constitutional safeguards protecting the worker from abuses of owners' power but rather from the very existence of that power. His assessment of the detrimental impact

28. R.H. Tawney, "Radical Social Reconstruction", op. cit., p.102; R.H. Tawney, Equality, op. cit., Ch. 5; See also: Ross Terrill, R.H. Tawney and His Times, op. cit., pp. 145-154.

of authority relationships in industry took into account the broader effects of the subordination of workers, rather than focussing attention exclusively on the specific abuses of management power and, as a consequence, he concluded that the only effective way to guarantee that concentrations of power in industry would not be used to oppress workers was to use the same device as had been developed in the political sphere: democracy.²⁹

Of course, the decisions made in industry were not restricted in their impact to workers, as Tawney readily acknowledged. Consumers had an interest in the cheapness and quality of the service provided, while the community was affected by the social costs of production. Consequently, like the Webbs, he believed that it was necessary for all three groups to exercise some influence on the decisions taken in industry.

However, the specific way their influence could be brought to bear, and the nature of the decisions that they ought to have a say in varied. With regard to the organization of production and the pattern of authority relationships in industry, Tawney felt that this should be left to producers.³⁰ In contrast, the prices charged for their services ought to be agreed upon with representatives of consumers.³¹ Similarly, questions of wages and differentials, insofar as they affected the prices of the service provided, ought to be subject to bargaining with consumers. And major decisions concerning capital investment, plant closures, redundancies

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29. Tawney was quite explicit in his criticism of the limitations of collective bargaining, as the quotation at the beginning of the chapter illustrated. See: R.H. Tawney, "Radical Social Reconstruction" op. cit., pp. 111, 112.
30. R.H. Tawney, "Radical Social Reconstruction", op. cit., pp. 102-105; See also: R.H. Tawney, The Acquisitive Society, op. cit., pp. 88-94; R.H. Tawney, The British Labour Movement, op. cit., pp. 79-81.
31. R.H. Tawney, The Acquisitive Society, op. cit., p. 90.

and the like ought to be decided by workers and the government.³²

Tawney's division of functions in industry thus differed from that outlined by the Webbs in several notable ways. The question of how production was to be organized was not to be allotted to the industrial administrators, as distinct from the workers under their employ, but rather to all those engaged in production - either by hand or by brain.³³ This

32. Because he believed that the larger community should also have some say in determining industrial policy, Tawney could not accept the approach to workers' control put forward by either guild socialists or syndicalists. Although Tawney had considerable sympathy for the views of guild socialists, such as G.D.H. Cole, he could not agree with their rejection of the state as a vehicle for implementing socialism or their emphasis on group autonomy - particularly in the industrial sphere - to the exclusion of the larger public. Society was, for him, more than a collection of groups attempting to pursue the interests of their members, with little regard for the effects of their behaviour on the community. Moreover, guild socialism placed too little emphasis on the underlying moral purpose of industry and thus tended to promote corporate selfishness which was antithetical to Tawney's view of the ends of economic activity.

His position on syndicalism was outlined, perhaps most effectively, in his discussion of the aims of the Labour Movement in the concluding chapter of his book on British Socialism. The Labour Movement, he argued "...is sympathetic to the demand those who work in industry should have an effective voice in questions of industrial organization. But it is not syndicalist. For though all men are syndicalists as far as their own profession is concerned, though the doctor and the lawyer and the teacher and the soldier and the sailor dislike the interference of ignorant laymen even more than do the miner and the engineer, public opinion (in the labour movement) recognizes that since industry is, or ought to be a social function, it must be the community which has the final voice in questions of reconciliation of the claims of the State and of groups of producers which will secure due representation for the latter while reserving the right of ultimate decision to the former." R.H. Tawney, The British Labour Movement, op. cit. (words in italics are mine).

Tawney's criticisms of guild socialism were similar to those expressed above in relation to the syndicalists. Ross Terrill, in his biography of Tawney, summarizes his views in the following way:

"closer to an orthodox Fabian position on the state than to a guild socialism (with which he is often overidentified) he was not prepared to allow the rights of trade unions to cut across the basic vertebrae of democratic responsibility through territorial parliamentary representation." Ross Terrill, R.H. Tawney and His Times, op. cit., p. 157 See also: R.H. Tawney, "We Mean Freedom" in The Attack and Other Papers, op. cit., pp. 87-90. In this article he defends the role of State intervention to rectify social and economic abuses.

33. R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 112.
R.H. Tawney, The Acquisitive Society, op. cit.

did not mean that Tawney believed that management would be completely abolished or that industry would be based upon an "arithmetical view of equality" - to borrow an expression used by Ross Terrill - with each worker being given exactly the same influence as his fellows in all decisions, regardless of age, skill, experience and other factors, but rather that the whole body of producers would collectively decide upon questions such as how much authority to delegate to those in management positions, which decisions ought to be determined by majority vote and which ought to be decided according to expertise. Tawney recognized that considerations other than a one-man-one-vote principle affected industrial decision-making and therefore did not commit himself to a rigid position on this issue. But though he did not advocate an arithmetically equal approach, he wanted industry to be run according to what can be best be described - despite its vagueness - 'as a spirit of equality' and this is why he found the hierarchical arrangement advocated by the Webbs unacceptable.³⁴ It was necessary for those who were delegated authority by their fellow workers to remember that underlying their differences in ability, skill and responsibility lay a common humanity - a humanity which transcended these relatively minor distinctions among them.

In short, liberty in industry was integrally connected with control by producers of the organization of their work in an atmosphere of fellowship and equality. Conversely, private control or centralized state control were antithetical to it because they gave power to individuals who were not accountable to the workers affected by their decisions. Insofar as social ownership - whether in the form of nationalized enterprises, producer co-operatives, consumer associations or professional organizations - facilitated control by producers, it increased their liberty. Hence the proper course for those who wanted to foster liberty

34. See the very fine discussion of Tawney's views on this question by: Ross Terrill in R.H. Tawney and His Times, op. cit., esp. Ch. 7, 8, 9.

in industry was to encourage the growth of such organizations, either through nationalization or voluntary association.

V

If Tawney was critical of the claim that capitalism provided the only safeguard for liberty in industry, he was equally sceptical of another justification of private ownership: that it was the only system which could run industry efficiently. He rejected the argument that the criterion of profitability provided a workable guarantee that industry would provide consumers with the cheapest and best quality merchandise because he felt that the capitalist was as inclined to exploit consumer as to abuse his workers. Whether his profits were the result of monopoly, artificial shortages, or misleading the public about the quality of his goods, was of little concern to him as long as it led to higher earnings. Because the goal of maximizing profits was subject to no moral limitations, and because the indicator of success was a full bank account, there could be no such thing as excess profits or unscrupulous business practices as long as entrepreneurs acted within the confines of an exceedingly tolerant legal system.

Thus the lack of an underlying social morality when combined with the view that the individual should be free to enrich himself without regard for the social impact of his behaviour, did not guarantee that the community was supplied with cheap and abundant goods and services; it merely gave private owners a licence to exploit the public. Tawney's case in this regard was not merely theoretical, for his work on the Sankey Commission at the end of the First World War had given him an opportunity to examine, in considerable detail, the way in which the largest British industry of the day had been managed by its private owners. He was not impressed. His submissions to the Commission were filled with details of incompetence, negligence,

profiteering, gross exploitation of workers and an overall economic structure that was inherently so irrational that the Commission was forced to advocate public ownership as the only solution.³⁵

Nationalization of coal, he argued, was necessary not simply to end exploitation of workers and profiteering at the expense of consumers, but also to eliminate the gross inefficiencies which were rife in the mining industry. Thus, far from accepting, as the Webbs and Hugh Clegg did, that capitalism, despite its ruthlessness, still managed to maximise productivity, Tawney argued in support of nationalization that public ownership was necessary to put an end to the inefficiencies of private ownership.³⁶

But capitalism was inefficient in a more fundamental way. Because the market supplied goods and services according to ability to pay rather than social need, resources were diverted to the production of frivolous luxuries, while substantial segments of the population lacked adequate food, shelter, medical care and the like.³⁷ The profits accruing to private shareholders, Tawney charged,

...enable their recipients to exercise a demand which diverts to the supply of luxuries productive power which would otherwise be diverted to the multiplication of the necessaries of common humanity, so that the classes thus endowed wear several men's clothes, eat several men's dinners, occupy several men's houses, and live several men's lives. The businessmen and politicians who regard the problem

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35. R.H. Tawney, "The Nationalization of the Coal Industry" Labour Party Pamphlet (London, 1919) pp. 11, 13, 14; R.H. Tawney, "Radical Social Reconstruction" op. cit., p. 126; R.H. Tawney, The Acquisitive Society, op. cit., pp. 69, 84.
36. R.H. Tawney, "The Nationalization of the Coal Industry", op. cit., pp. 13-17; R.H. Tawney, The British Labour Movement, op. cit., p. 78, 79 and passim. Tawney reiterated his claim that capitalism was rife with productive inefficiencies in a lecture over 40 years later. See: The Webbs and Their Work, op. cit., p. 18; R.H. Tawney, "The Nationalization of the Coal Industry", op. cit., pp. 10, 11.
37. R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 118. R.H. Tawney, The Acquisitive Society, op. cit., pp. 38, 39 and passim.

of reconstruction as concerned primarily with intensifying the productivity of industry, may be invited to consider the energy which would be set free for the production of things indispensable if there were no demand to divert capital and labour into the manufacture of private motor-cars, private yachts, rich men's houses, and expensive hotels.³⁸

Tawney was not impressed by a system which prided itself on its 'efficiency' in producing £3,000 motor cars like the one owned by the Secretary of State for War with its walnut panels and suede-covered seats described so bitinglly in the Acquisitive Society.³⁹ The problem of industry, as he saw it, was not merely how to produce efficiently but, more importantly, what to produce in the first place.⁴⁰ And this question revealed the bankruptcy of a system based not upon services to the community but on the belief that private gain was the sole end of economic activity.

Moreover, emphasis on private gain undermined the development of an attitude of public service among workers and thus led to a reduction of the quality of the goods and services provided for consumers. How, Tawney asked rhetorically, could workers producing luxury motor cars, like the one just mentioned, feel that they were contributing to the community's welfare?⁴¹ Clearly, they could not. And, as long as industry was founded upon the principle that each man should strive to pursue his own self interest regardless of the costs to the community, there was no reason to expect that workers would view their role in terms of public service. Indeed, seeing that their employers were intent on maximising profits, workers understandably came to feel that there was no reason why they should not do the same in relation to wages.

38. R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 118.

39. R.H. Tawney, The Acquisitive Society, op. cit., p. 38.

40. Ibid., pp. 38, 39.

41. Ibid., p. 38.

Moreover, the subordination of industry to the interests of shareholders had the detrimental effect of dividing producers from consumers. Even if workers wanted to improve the quality of their work they had no guarantee that their efforts would benefit consumers, for they could equally well increase the profits of shareholders. As long as owners, anxious to maximize the return of their investment, separated producers from consumers, and, as long as owners were the only party privy to the division of the fruits of industry, it was quite unreasonable to berate workers for demanding higher wages on the grounds that they were exploiting the public. For even if they did restrain their demands, there was no guarantee that the latter would benefit.

The approach of private enterprise to achieving economic efficiency was inadequate for other reasons. Anticipating the arguments of liberal management theorists half a century later, Tawney argued that changes in attitudes among workers to authority, better education and the rise in the standard of living, meant that the traditional basis of industrial authority - fear - had been severely and, perhaps, irrevocably damaged.⁴² With the decline in the role of fear as an incentive to work - a decline which was in no large part a result of trade unions - it became increasingly important to enlist the co-operation of workers. Indeed, the only way to ensure efficient production in the future, according to Tawney, was to reorganize industry in such a way as to take into account the desire of workers for industrial self-determination. "(T)he alternative to the discipline which capitalism exercised through its instruments of

42. R.H. Tawney, The British Labour Movement, op. cit., pp. 91, 92. Tawney wrote in this vein during the period directly after the First World War when the demands for nationalization and workers' control were exceptionally strong. However, the recent upsurge in such demands would seem to vindicate much of what he said on this question. It is perhaps not surprising then that management theorists such as Herzberg and McGregor have been arguing that with the rise in standards of living since the War, industrial authority has gradually been breaking down and, as a consequence, managers must find methods for encouraging their workers to produce efficiently - methods which are based not on fear, but rather upon the willing commitment of the workers to the goals of their employers.

unemployment and starvation is the self-discipline of responsibility and professional pride."⁴³ When seen from this perspective the call for workers' control had practical implications which were by no means antithetical to the goal of producing goods and services for consumers efficiently.

This leads us to Tawney's final reason for rejecting the claim that private enterprise promoted efficiency: it ignored the psychology of the worker. Because capitalism treated workers as "hands" it failed to utilize their mental ability and thus squandered what was undoubtedly the most important resource of industry:

...(E)fficiency rests ultimately on psychological foundations. It depends, not merely on mechanical adjustments, but on the intelligent collaboration of contentious human beings, whom hunger may make work, but mutual confidence alone can enable to co-operate. If such confidence is to be commanded by those vested with the direction of economic affairs, their authority must rest, not on the ownership of property, but on a social title, and be employed for ends that are not personal but public.⁴⁴

Tawney rejected the claims of proponents of 'scientific management' for the same reason. Their approach to the organization of industry was based upon the questionable assumption that "...the mental processes of the company promoter, financier or investor..." were identical to those of workers in other occupations.⁴⁵ While Tawney was quite willing to admit

43. R.H. Tawney, The Acquisitive Society, op. cit., p. 145.

44. R.H. Tawney, op. cit., p. 188. This point was made more forcefully in an earlier article:

"...the greatest single obstacle to the efficiency of industry is precisely the industrial autocracy which is supposed today to be the condition of attaining it,...If men are treated as "hands", if they are told that "the best workman is the man who obeys orders and doesn't pretend to think," they may give their hands but will withhold their brains. The only guarantee of efficient work, whether on the part of a company in the trenches or of men in a workshop, is not the "discipline" of fear, but goodwill and mutual confidence," R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 107.

45. R.H. Tawney, The Acquisitive Society, op. cit., p. 153.

that pecuniary motivation was one incentive to work, he argued that the assumption that it was the only source of motivation was quite mistaken for it was clear that teachers, scientists, physicians and other workers who provided services to the community or who performed intrinsically interesting jobs were not motivated exclusively by money. An approach to industry which failed to take these factors into account was deficient for precisely that reason.⁴⁶

Of course, as we saw in our study of contemporary management thought, the question of how to establish a social and psychological environment conducive to efficient production has been central to recent management theory. But such theories of motivation, whether based upon human relations, personnel management or job enrichment, have all taken private ownership for granted and thus concentrated on finding the right management technique to bring workers' attitudes into line with the goals of business. They have assumed that a sense of moral commitment among workers can be engendered within an industrial system committed to private gain and failed to see the inherent contradictions of such an approach.

Such efforts to influence the attitudes and values of workers, however, wrong-headed, vindicate Tawney's argument that the commitment of workers to the purpose of industry is a key ingredient in industrial efficiency. They demonstrate that questions such as efficiency are not simply technical or administrative ones but integrally connected with the values underlying the organization of industry. When seen in this light, Tawney's stress upon reorganizing industry according to the principles of public service appears not to be naive and idealistic but, rather, hard-headed and realistic because it takes into account a number of vital factors which are excluded from the calculations of business about how to foster industrial efficiency.

46. Ibid., pp. 152-154.

However, it would be misleading to suggest that Tawney placed the question of the economic efficiency of private ownership on the same plane as its moral deficiencies. For the heart of his approach to industry was ethical rather than economic. Thus even if private ownership were successful in eliminating some of its more obvious economic weaknesses, this would not exonerate it from the charge that as an economic system it was morally bankrupt.

VI

When we consider that Tawney rejected private ownership so uncompromisingly, the logical question that arises is: what alternative did he put forward? The answer is complex but, to over-simplify, what he proposed was a combination of public ownership and workers' control.⁴⁷ However, he had a very specific view of the purpose of nationalization and of the way nationalized industries ought to be organized - a view which contrasted with that of the Webbs and Hugh Clegg and which provided a more satisfactory answer to conventional criticisms of public ownership.

Tawney's position on the question of public ownership was an instrumental one. Nationalization was a means of lifting the stifling influence of private owners from industry so that workers could serve the community more effectively.⁴⁸ State ownership was thus not the end,

47. Tawney was not dogmatic about extending public ownership into all areas of industry. But, he was adamant that the power of the private owner to control industrial decision making be drastically reduced. Nationalization was one method of accomplishing this goal. Changes in the law which would eliminate the right of control which accompanies private ownership, and which would prevent owners from extracting a profit from industry, also appealed to him. The important thing was to eliminate the parasitical relationship of the capitalist to industry, and not how this was done.

48. R.H. Tawney, The Acquisitive Society, op. cit., p. 98; R.H. Tawney The British Labour Movement, op. cit., pp. 85, 86.

but rather only one of a number of means for unleashing the co-operative efforts of workers in the service of the community.⁴⁹ Other forms of social ownership such as producer co-operatives, guilds and professional associations all had a legitimate, and important, part to play in industry within a socialist society. Similarly, consumer co-operatives and the like constituted another supplement to state ownership. Thus critics of nationalization who argued that it would merely result in the substitution of monolithic state control for capitalist domination, were wrong on two counts, according to Tawney. First, socialism could, and should, encompass many different forms of social ownership.⁵⁰ Second, the goal of nationalization was not state control for its own sake but rather the creation of the conditions necessary for the producers themselves to control decisions affecting their working lives.⁵¹

When we consider that Tawney saw nationalization as one of a number of tools to be used in the creation of socialism, it is legitimate to ask why he was convinced that it was necessary in the first place. His main argument on this point was quite simply that no feasible alternative existed. In industries, such as coal, the presence of almost fifteen hundred separate companies and a plethora of mining regulations and property rights protecting the interests of private owners constituted an unsurmountable barrier to the voluntary development of other forms of social ownership.⁵²

49. R.H. Tawney, The Acquisitive Society, op. cit., pp. 97, 98; R.H. Tawney, "The Webbs in Perspective", op. cit., pp. 166-168.

50. R.H. Tawney, The Acquisitive Society, op. cit., pp. 122-125; also: R.H. Tawney, The British Labour Movement, op. cit., pp. 167, 168 and passim. Like the Webbs, Tawney felt that there was even room for small-scale private enterprise within a socialist society. He saw no point in nationalizing the corner grocer, for example.

51. R.H. Tawney, The British Labour Movement, op. cit., pp. 67-69; R.H. Tawney, "The Webbs in Perspective", op. cit., p. 16. Tawney's position on this question was expressed perhaps most succinctly in this latter essay.

"Nationalization, thus conceived is a means, not an end. It is important less for what it does than what it enables to be done. Its success depends not on the mere change of ownership, which, though a necessary first step, is no more, but on the advantage taken of the opportunity offered by it to carry through measures of reorganization which private enterprise was unable or unwilling to undertake..." Ibid., p. 17.

52. Of course, Tawney was writing many years before coal was actually brought into public ownership.

Although organizations, such as the Coal Consumer's Co-operative, had made some inroads in reducing the price of coal, the expansion of such organizations was impeded by the stranglehold that private owners had on the supply of coal - a stranglehold which only the government could break. And, even if consumer and producer co-operatives were able to make some inroads in this sector, they would still be operating within the boundaries of a hostile economic framework designed to accommodate the profit-oriented activities of the coal companies. Thus nationalization was the only viable alternative, not only in the coal industry, but in many others as well.

Moreover, by their very nature, some industries were best run as state monopolies. Duplication of electricity, gas, water, railways and similar services made little economic sense. And, if monopoly were the only rational method of organization, then it seemed to Tawney that the only way to protect the community was to bring such industries into public ownership. Otherwise there would be nothing to prevent their owners profiteering at the expense of the public.⁵³

Tawney was aware that supporters of the status quo criticized nationalization on the grounds that its theoretical benefits would be effectively undermined by bureaucratic inefficiency. In reply to such criticisms, Tawney pointed out that nationalization did not entail a single formula which dictated that all state-owned enterprises had to be run like the post office. Rather, it allowed substantial choice about organizational structure, size, degree of centralization and various other matters of influencing how such enterprises would be administered - a degree of choice that was at least as great as that existing under private ownership.⁵⁴

53. He made this point succinctly in Equality. "There are certain great services which cannot be safely resigned to exploitation for private profit, because the public welfare is so intimately dependent upon them, that those who own them become in effect, masters of the nation. There are certain others in which the consumer is at the mercy of the monopolist. In all the first and some of the second regulation is inefficient. What is required is public ownership." R.H. Tawney, Equality, op. cit., p. 182.

54. R.H. Tawney, Equality, op. cit., pp. 184-186; R.H. Tawney, The Acquisitive Society, op. cit., pp. 113-116.

Tawney also stressed that supporters of nationalization were not blind to the pitfalls of over-centralization, bureaucracy and red-tape as their detractors assumed; hence they were anxious to establish organizational forms which would avoid such problems.⁵⁵

Moreover, by involving producers in the policy making and administration of nationalized industries local initiative and autonomy would be encouraged rather than stifled. The change in status of workers from hired "hands" to partners in the co-operative undertaking of providing service to the community would unleash the creative efforts of working people in a way which had no parallel in the private sector. Because public enterprises would utilize their human resources more effectively, Tawney believed they would be considerably superior to their private counterparts, both in terms of satisfying the needs of consumers and in fostering the happiness and creativity of producers.⁵⁶

The application of Tawney's flexible approach to nationalization can be understood more clearly by examining his proposals for dealing with the reorganization of a specific industry: coal. To avoid the problems of centralization, and bureaucratization, he proposed a federal rather than unitary form of organization involving considerable decentralization and local autonomy. He argued that because the problems of extracting coal varied considerably from one pit to another, it was essential to make use of "...local experience and knowledge..." and hence that the structure of the industry entailed a "...decentralized administration within a national framework..."⁵⁷ When this was combined with public accountability, not merely

55. R.H. Tawney, The Acquisitive Society, op. cit., pp. 114-115; R.H. Tawney, The British Labour Movement, op. cit., pp. 85-87; R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 107.

56. R.H. Tawney, The British Labour Movement, op. cit., pp. 90,91.

57. R.H. Tawney, "The Nationalization of the Coal Industry" (Labour Party Pamphlet, 1919) p. 26; R.H. Tawney, The Acquisitive Society, op. cit., p. 167.

of the industry as a whole, but of each local unit, it would be possible to avoid the dangers of "...managing the industry from Whitehall..." while ensuring that those working in the industry were not allowed to exploit the public by charging excessively for what they produced.⁵⁸

But the most important condition for transforming the coal industry into a public service was that the workers themselves be given the power to control decision making: otherwise all talk about enlisting their co-operation would be a sham.⁵⁹

No scheme for reorganizing the coal industry can be regarded as even approximately satisfactory when it does not offer those engaged in it an effective voice in the control of its policy and administration. The immediate gain to the workers from such a participation in the government of the industry upon which their livelihood depends is obvious and direct. Through Pit Committees, they will deal with questions of discipline, of output, of safety, health and comfort in each individual mine. On the District Council and National Mining Council they will review not only the special policy of the industry, its wages, hours, safety and conditions in respect of health and housing, but the technical and commercial conditions which govern its development, and will do so not as mere critics, but as men who can translate their ideals and experience into practice, and who bear the liability of making them a success. The individual workman will know that the authority responsible for administering the industry consists in part, of men with the same experience as himself, and that he, by his own suggestions and criticisms, can improve the working conditions and efficiency of his own pit. The organization of which he is a member will no longer be concerned solely with resisting reductions or securing advances. It will form part of the government of industry, and will thus be in a position to assume, as it cannot now, a professional responsibility for the quality of the service.⁶⁰

Thus nationalization, as far as Tawney was concerned, was far more than a transfer of ownership from private capitalists to the state. It was a means of giving working people control of the industrial decisions which

58. R.H. Tawney, "The Nationalization of the Coal Industry", op. cit., p. 26; see also: R.H. Tawney, The British Labour Movement, op. cit., Ch. III, entitled "The Labour Movement and the Nationalization of the Coal Industry."

59. R.H. Tawney, "The Nationalization of the Coal Industry", op. cit., pp. 26. 27

60. Ibid., pp. 29, 30.

affected their working lives. To argue, as Clegg did, that they should be excluded from management decision-making so as not to compromise their ability to oppose would be to repudiate the basic justification of nationalization itself. It would constitute little more than the replacement of capitalist autocracy with state autocracy. Both were unacceptable to Tawney for precisely the same reason: they denied the worker self determination at the place of work and thus transformed his role from a man to an instrument of production. ✓

Tawney acknowledged that there was a danger that workers might attempt to use their control over industry to exploit the public by charging excessive amounts for the goods and services they produced. However, he pointed out that under private ownership this danger already existed. Shareholders were as intent upon maximising their profits - often at the expense of consumers - as it was alleged that workers would be. Thus workers' control would not be any worse in this respect, and would probably be considerably better, for workers were also consumers: hence any attempt by them in their capacity as producers to exploit their fellows could be counteracted by workers in other industries, who could raise their prices in retaliation.

Yet, for a number of other reasons, Tawney believed that nationalization would be less likely to result in the exploitation of consumers. First, because industry in a socialist society would be conducted with complete openness concerning its financial affairs, consumers would be able to prove or disprove suspicions that they were being over-charged simply by checking the accounts of the firm involved. Such openness would contrast sharply with existing business practice where the utmost secrecy was maintained to hide excess profits and to prevent workers and consumers from influencing the division of the fruits of industry. And, it would provide a far more effective method of protecting the public than a so called free-market, rife with monopolistic practices. "It is a common place of

democracy", Tawney argued, "that publicity is the best guarantee against political abuses. It should be used as a safeguard against economic abuses."⁶¹

A second guarantee that the consumer would be protected lay in the replacement of profit with service as the criterion for evaluating industrial success. Under the private ownership the energies of workers and managers alike were frequently directed to activities which, although profitable for shareholders, provided no useful service to the community. In contrast, nationalized industries would put service first and hence would be far less likely to engage in activities of questionable social value. Moreover, public enterprises would be subject to public criticism about their affairs which would further limit their abilities to pursue anti-social aims.

But the most important guarantee that nationalized industries would not exploit the public was to be found in the change in attitudes among the producers themselves. The development among workers of a commitment to serve the community - a commitment which would be encouraged by the elimination of the profit motive - was of far greater significance than the transfer of ownership itself. This new attitude to work could only be fostered by treating workers as partners in the pursuit of the common objective of serving the community. If nationalized industries were run along the lines of their private counterparts they would forfeit both the benefits to workers associated with industrial self-determination and the benefits to the public from a workforce committed to public service rather than personal gain.

Tawney's faith in the moral integrity of the ordinary worker meant he saw little need to preserve a management function based on social control.⁶²

61. R.H. Tawney "Radical Social Reconstruction", op.cit., p. 117; See also: R.H. Tawney, The British Labour Movement, op. cit., p. 169; R.H. Tawney, The Acquisitive Society, op. cit., pp. 103, 126, 127.

62. R.H. Tawney, "The Western Political Tradition", op. cit., p. 17 and passim.

For this implied that the majority of workers were not committed to the purpose of industry and therefore had to be coerced to do their jobs. Of course, such coercion was inevitable under capitalism for the purpose of industry was to enrich its private owners. But under socialism the purpose of work would be different. Individuals would view it not only as a means for satisfying their economic needs but also as an avenue for self-expression, creativity and making a contribution to their community. This revolution in attitudes would, in turn, obviate the need for social control

Stated thus, Tawney's views may seem naive. However, they are naive only if it is assumed that socialism is primarily a theory about institutional arrangements and not about human values. But as Tawney rightly saw institutional arrangements such as nationalization, although necessary for socialism, were not its core: its core was fellowship, equality and human dignity. Thus what was important was that institutional changes promoted socialist values. And this was precisely why workers' control was essential. For it embodied society's commitment to self-determination and to socialist and democratic values among citizens.

Tawney recognized that the possibility of such transformation in attitudes towards work was seen as naive by critics of socialism. To support his contention that such a change was perfectly feasible he drew an analogy between the change in attitudes which would accompany social ownership and the transformation which had occurred in the professions during the previous century. At the beginning of the nineteenth century, law, medicine, teaching and the civil service had been run according to principles of self-interest. The members of these professions had neither felt, nor been expected to feel, any great obligation to provide a public service or to uphold professional standards. Like private entrepreneurs, they had viewed their occupations as a means of enriching themselves -

largely at public expense. Thus their success or failure was assessed by how much money they were able to squeeze from their client and not by the quality of the service they provided.

However, during the following century a virtual revolution occurred in the behaviour of members of these professions. The principle of private gain, although not entirely banished, was supplanted by professional ethics.⁶³ It was no longer assumed that civil servants could be bribed, that teachers could be persuaded to give high grades to students in return for a suitable payment, or that lawyers could be corrupted. Tawney acknowledged that the professions were not perfect and suggested that there was considerable room for improvement, both in the standards of professional ethics and in the conduct of many of their more unscrupulous practitioners. But these deficiencies, he argued, ought not to obscure the fact that a vast improvement had taken place.

It need not be pretended that corporate selfishness can be exercised by professional rules. What can be created is a corporate conscience, which may be sensitive or indifferent, but to which an appeal on public and moral grounds is possible.⁶⁴

Tawney saw no reason why a similar change could not occur in industry, for he believed that there was nothing inherently superior about the middle class personnel of the existing professions compared with their working class counterparts.⁶⁵ When judged by the criterion of service, the worker who drove a train or bus, who built houses or produced consumer goods, performed a task that was as necessary to society as that of the professional. Hence there was no reason why he should not be as proud

63. R.H. Tawney, The Acquisitive Society, op. cit., pp. 88-94.

64. R.H. Tawney, "Radical Social Reconstruction", op. cit., p. 115.

65. In fact he sometimes referred to miners as "professionals" or "professional men" see: R.H. Tawney, The British Labour Movement, op. cit., p. 72. See also: R.H. Tawney, The Acquisitive Society, op.cit., p. 91.

of his contribution to the community or as equally committed to maintaining the standards of his service.⁶⁶

Although Tawney's argument that industry ought to be 'professionalized' had a distinctly middle class, Oxbridge ring about it, nevertheless, Tawney was adamant that the present social status of the manual worker be revised such that the value of his work received the recognition due it. As Ross Terrill points out, Tawney's view of socialism stressed equality and fellowship among all men - a view which entailed the belief that no man ought to be allowed an income or economic position so different from that of his fellow man that he lived virtually in another world.⁶⁷ Vast discrepancies of wealth and income did precisely that by separating the world of working people from that of the upper classes. Consequently, it was essential that the gap between manual workers and professionals be narrowed. To the extent that the hierarchy in industry reflected the inequalities of capitalist societies it too had to be reduced, for the differentials between those at the top and at the bottom could not be justified either in terms of social function or in terms of the larger goals of socialism. However, as Terrill again points out, Tawney's view of equality was not arithmetical - he did not see the value of a complete identity of incomes or possessions - but rather one which ensured that the class differences that plagued British society were not allowed to continue.⁶⁸

Tawney's idea of turning industry into a profession might also be interpreted as an attempt to "uplift" the working class by giving it a good dose of middle class values. This was not Tawney's intention for he

66. R.H. Tawney, The Acquisitive Society, op.cit., pp. 89-91.

67. This is one of the main themes of Ross Terrill's discussion of Tawney's view of equality. See: Ross Terrill, R.H. Tawney and His Times, op. cit., Ch. 5, pp. 121-137 and passim.

68. Ross Terrill, R.H. Tawney and His Times: Socialism and Fellowship, op. cit. pp. 130-134.

was anything but a middle class reformer. The reason working people had not been able to develop a service-oriented attitude towards work was related to the structure of the capitalist economy - a structure which precluded the development of self-governing bodies composed of working people, and not to their inherent intellectual or moral deficiencies.

Because the importance of work in capitalist societies was evaluated not according to the service rendered but rather according to the income received, those who contributed much and received little were despised while those who contributed little yet consumed extravagantly from the income of their shares, were esteemed. Such a set of values destroyed the self-respect, pride and social recognition that Tawney felt ought to accompany manual labour and thus resulted in the workers themselves underestimating their contribution to society and, ultimately, their own worth as human beings. It precluded the development of a professional esprit de corps within the ranks of the manual workers for it wrongly denigrated their contribution to society. However, because capitalist society undervalued the contribution of ordinary workers, this in no way meant that a socialist society would do the same. And, once the honourable place that such work had in the community was recognized, it would be possible for ordinary workers to develop the same degree of professional commitment to the community's welfare that was the acknowledged goal of medicine, law, teaching and other professions.

VII

While the preceding discussion of Tawney's views on how industry ought to be reorganized may be of historical interest, the sceptic might ask, "What relevance do they have to contemporary industrial society, after all, Tawney's main works on the topic were published half a century ago?"

In part, the answer to this question ought to be self-evident, as many of the problems he discussed remain with us today. Admittedly, the coal industry about which he wrote so much and so passionately, has been taken into public ownership along with a number of other major industries. But, as we noted in the first section of this thesis, the economy has remained under private control and the organization of business enterprises still embodies the subordination of labour to the "dead hand" of capital.

While there has, indeed, been a considerable rise in the standard of living since Tawney's most important writings on industrial democracy, were published, the basic framework of industry has not changed, and the question of the subordination of those who work to those who own remains largely unresolved. To argue that Tawney's normative approach to industrial organization has become obsolete because we have managed to double or even triple industrial output since his day would be to miss the point of his argument entirely. For the question that he tried to answer concerned the nature of relationships among men associated in the task of production. It is a question that cannot be resolved either by pointing to the ever-growing mounds of material goods whose continued growth is not so confidently asserted as it was only a few years ago, or to the ever-increasing technological sophistication which has accompanied industrial development. It is a question that demands an answer which is essentially normative, for it concerns not what exists or what might exist but what ought to exist in industry. And Tawney's answer is no less relevant today than that developed in the political sphere over two hundred years ago.

The question of how to organize industry can no more be solved by increasing efficiency or expanding output in our day as it could have been in his. Nor can the fundamental conflicts of interests between workers and owners be papered over, either with admonitions to the former group to

subordinate their difference to the common aim of increasing output, or with attempts by the latter to promote industrial harmony by techniques, such as human relations or job enrichment, designed to foster normative integration. They can only be resolved by restructuring industry on the basis of extending the principles of political democracy into industry, that is, by giving workers industrial citizenship.

CHAPTER XI

WORKERS' CONTROL: THE YUGOSLAV ILLUSTRATION

It is inconceivable that the system should be replaced; weaknesses or not, alienation or not, in general it has become accepted among Yugoslav workers. One young worker in a Sarajevo factory asked me quite seriously, after an interview, "Is it true that in England the workers don't manage the factories?" - David Riddell.

I

In the preceding chapter we maintained that Tawney's approach to the organization of industry was still relevant today, despite the numerous technical and economic changes which have occurred since he published his most important works on the topic. When Tawney argued that producers ought to have self-determination at the workplace, there was no economic system which he could use as a practical illustration of the feasibility of his ideas. Thus he was confined to outlining why he thought it ought to work, without being able to show conclusively that it did. Fortunately, we are in a better position today in that we can point to the Yugoslav experiment in workers' management as an example, however imperfect, of the feasibility of workers' control.

As we noted in the first chapter, critics of workers' control have argued that it would quickly lead to economic collapse. However, when we turn to examine Yugoslavia's economic performance during the twenty-five years in which self-management has operated, we find little evidence of

the "lack of bread" Schumpeter confidently forecast.¹ On balance, Yugoslavia's economic record has been reasonable, excelling in economic growth and efficiency of investment, while falling down on inflation and unemployment.

Looking at the first aspect of economic performance, Yugoslavia has maintained a consistently high rate of growth over the past twenty-five years. According to the 1975 United Nations Economic Survey of Europe, from 1960 to 1974 the growth rate averaged 6.6 per cent annually and it

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1. In the following discussion of workers' management in Yugoslavia, we shall eschew a detailed examination of the organizational structure of enterprises or the history of the Yugoslav system. These topics have been adequately dealt with in a number of excellent publications such as the 1962 I.L.O. report and Frederick Singleton's more recent book Twentieth Century Yugoslavia. Hence there is no reason to duplicate this research. On the question of whether workers really do control Yugoslav enterprises, there is considerable literature, much of it dealing with the relative influence of workers and managers in decision making. However, from a legal point of view, the answer to this question is clear: workers have the final say in all decisions. For further evidence on this matter see: International Labour Office, Workers' Management in Yugoslavia (Geneva, 1962); Frederick Singleton, Twentieth Century Yugoslavia (London, 1976); Arnold S. Tannenbaum, Bogdan Kavcic et al., Hierarchy in Organizations (London, 1974); Branko Horvat, An Essay on Yugoslav Society (trans. by Henry F. Mins) (White Plains, New York, 1969) (orig. pub. 1967); Ichak Adizes, Industrial Democracy: Yugoslav Style (London, 1971); First International Conference on Participation and Self-Management, Dubrovnik, Dec. 13-17; Volumes I-V; Jiri Kolaja, Workers' Councils: The Yugoslav Experience (London, 1965); Adam Sturmthal, Workers' Councils (Cambridge, Mass., 1964); Paul Blumberg, Industrial Democracy: The Sociology of Participation (London, 1968); M.J. Broekmeyer (ed.) Yugoslav Workers' Self-Management (Doetrecht, Holland, 1970); David Riddell "Social Self-government: Theory and Practice in Yugoslavia" British Journal of Sociology; Vol. XIV, 1963, as reprinted in Anarchy 95, Vol. 9, No. 1, January 1969, pp. 4-32; Jaroslav Vanek, The Participatory Economy (Ithaca, N.Y., 1971); Milan Rukavina, "Yugoslavia" in Charles Levinson (ed.) Industry's Democratic Revolution (London, 1947); Roy Moore, "Self-Management in Yugoslavia" Fabian Research Series 281 (London, 1970); Frederick Singleton and Anthony Topham, "Workers' Control in Yugoslavia" Fabian Research Series 233 (London, 1963); G. David Garson, On Democratic Administration and Socialist Self-management: A Comparative Survey Emphasizing the Yugoslav Experience (Beverly Hills, 1974); Dusan Bilandzic, Social Self-Government (Belgrade, 1965); Bogdan Denitch, "Self-management in Yugoslavia" International Studies in Industrial Democracy No. 7 (Nottingham, 1973); Gerry Hunnius, "Workers' Self-management in Yugoslavia" in Gerry Hunnius, G. David Garson and John Case (ed.) Workers' Control: A Reader on Labour and Social Change (New York, 1973) pp. 268-321; Jaroslav Vanek, (ed.) Self-management: Economic Liberation of Man (London, 1975); Jan Vanek, The Economics of Workers' Management: A Yugoslav Case Study (London, 1972).

shows no indication of slowing down despite the recent world recession.² Of course, this does not mean that ups and downs have not occurred. But despite such fluctuations, the underlying trend has been good. Indeed, only Japan, (and until the 1973 war, Israel) has performed as well in this area.³

Turning to the question of efficiency of investment, the picture is equally favourable. According to Jaroslav Vanek, for every 10 per cent of income diverted to investment, a 2.8 per cent rate of growth was achieved.⁴ In contrast, most countries in the West, including the United States, were only half as efficient, obtaining roughly 1.4 per cent growth for the same input of investment.⁵ And, when we compare Yugoslavia with Great Britain,

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2. Source: United Nations Economic Survey of Europe in 1974, Part I (Geneva, 1975) p. 59. This figure includes agricultural production which grew much less rapidly than industrial output. If we look only at increases in industrial output, Yugoslavia does even better, with an average increase of 8.4 per cent per year from 1960 to 1974. Again there is no indication of a decline in this rate of growth in the industrial sector. For more information on Yugoslavia's current economic position, see the Financial Times special report on Yugoslavia dated Friday, June 11, 1976, pp. 15-18 and, International Monetary Fund, International Financial Statistics, Vol. XXIX No. 1, Jan. 1976, pp. 416-419.
 3. Earlier claims about the success of self-management were dismissed by Western Economists either on the grounds that the country was extremely lucky or that its growth could be attributed to factors other than self-management. In response to a 1963 article in the American Economic Review by Jaroslav Vanek noting Yugoslavia's exceptional growth from 1950 to 1960, Nicholas Spelber maintained that American economic aid was responsible for much of this growth. During the period from 1950 to 1959, he noted, Yugoslavia received \$1,066 billion in "general economic assistance" \$91.5 million in aid for "special projects" and \$724 million in military supplies from the United States. Without such massive aid, he thought it unlikely that Yugoslavia could have achieved such a high rate of growth. However, the argument that foreign aid has been responsible for Yugoslavia's high growth rate in the post-1960 period is less persuasive. Although the amount of foreign aid in relation to the size of the economy is far less than in the past, the Yugoslav growth rate has remained constant. See: Jaroslav Vanek, "Yugoslav Economic Growth and Its Conditions" American Economic Review, 1963, pp. 555-561; Nicholas Spelber in the same edition, pp. 575-577. For other assessments of the performance of the Yugoslav economy which support the argument cited above, see: Carole Pateman, Participation and Democratic Theory (Cambridge, 1970) pp. David Jenkins, Job Power (New York, 1973) pp. 95-104; Branko Horvat, Business Cycles in Yugoslavia (Shite Plains, New York, 1971) (Translated by Helen M. Kramer) (orig. pub. Belgrade, 1969).
 4. Jaroslav Vanek, The Participatory Economy, (Ithaca, N.Y., 1971) pp. 48, 49.
 5. Ibid., pp. 49, 50.

the picture is even more favourable. Moreover, no developing country has achieved comparable results with the possible exception of Cuba of which we still know too little.⁶

However, in the areas of unemployment and inflation, the economy has performed less well. Looking at the former, the 1975 United Nations Economic Survey of Europe noted that 4 per cent of the non-agricultural work force had been officially registered as unemployed the previous year. This figure under-estimates the number out of work, however, because many unemployed workers are not registered. If the number of workers looking for employment is used as an indicator, the true unemployment figure may be as high as 10 per cent.⁷ When we consider that in the same year, there were almost one million Yugoslavs working abroad out of a population of 21 million, the dimensions of the unemployment problem are quite considerable. Although the level of unemployment can be attributed, in part, to demographic factors as Yugoslavia moved from a backward agricultural country to a moderately developed industrial nation in the period of a single generation, the country's failure to provide enough jobs must be seen as a serious

6. It is ironic, yet true, that these facts have not been assimilated by many Western economists who continue to argue that workers' control must be inefficient. For example, in a recent New Society article, Tim Congdon explained, in some detail, why a system based upon private ownership was inherently more efficient than Yugoslav market socialism. And he suggested that if the Yugoslavs wanted to increase economic efficiency they would be wise to allow the development of private ownership of the means of production. However, he failed even to mention the statistics in Yugoslav economic development! See: Tim Congdon, "The Economics of Industrial Democracy" New Society, Oct. 30, 1975, pp. 255-257. See also: Peter Wiles, "A Descent Towards Particulars" in M.J. Broekmeyer (ed.) Yugoslav Workers' Self-Management (Dordrecht, Holland, 1970) pp. 154-160. For a good outline of the theoretical arguments supporting self-management see: Branko Horvat, Towards a Theory of Planned Economy (Belgrade, 1964); Branko Horvat, Business Cycles in Yugoslavia, op. cit.; Jaroslav Vanek, The Participatory Economy, op. cit.; Jaroslav Vanek, The Economics of Workers' Management (London, 1972); Jaroslav Vanek, The General Theory of Labour-Managed Market Economies (Ithaca, N.Y., 1970).

7. Source: United Nations Economic Survey of Europe in 1974, Part I, p. 60.

economic weakness.⁸

Similarly, the rate of inflation in Yugoslavia has been higher, on average, than in the West. Rising prices have plagued the economy since the mid-1960's, creating a good deal of stress on the balance of payments and forcing the government to take fairly drastic steps to keep Yugoslavia's trading position from deteriorating. During its worst year, 1975, the rate was 30 per cent and although recent reports indicate that it has fallen back to 11 per cent, this is still above that of many of its Western competitors.⁹ While such figures are comparable with those of Great Britain, they still indicate that the economy has problems to overcome in this area.

Weighing Yugoslavia's high rate of growth and efficiency of investment, with its less successful record on unemployment and inflation, it is fair to say that the economy has performed neither much worse nor much better than its Western counterparts. Thus in narrowly economic terms, Yugoslavia demonstrates that workers' management is perfectly compatible with a modern economy.

Indeed, when we consider that no previous experience in managing a worker-controlled economy was available to guide the Yugoslav planners and that there was no body of economic theory to which they could turn in order to understand the complex problems arising in the new system, the fact that

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8. Another reason for the high unemployment in Yugoslavia is that worker managed firms tend to be capital intensive. There are a number of reasons for this, but perhaps the most important is that workers are not charged an 'economic rent' on the social capital they use. Hence, they have tended to increase their capital because the greater the capital employed per worker, the greater the per capita income of the enterprise. In a recent Ph.D. thesis at Cornell University, A. Vahcic has estimated that the tendency for Yugoslav firms to be capital intensive, has cost between .6 and 2 million jobs. See: A. Vahcic, An Econometric Analysis of Post-War Performance of the Yugoslav Economy, Cornell University Doctoral Dissertation, 1976, as cited in: A. Vahcic and Jaroslav Vanek, "Self-Management, Workers' Management and Labour Management in Theory and Practice: A Comparative Study", Unpublished paper, 1976, p. 8.
 9. Source: The Financial Times, Special Report on Yugoslavia (Friday, June 11) pp. 15-18. For earlier figures see: United Nations Economic Survey of Europe in 1974, Part I, p. 59. According to this latter publication, retail prices increased at an average annual rate of 10.5 per cent from 1960 to 1970, while the rate of increase from 1971 to 1974 was 15, 16, 19 and 26 per cent respectively. Ibid., p. 59.

it has performed as well as its Western counterparts is a notable achievement. Not surprisingly, a number of leading economists, both Yugoslav and foreign, have argued that the economic potential of workers' management has not yet been realized. A. Vahcic, in an analysis of the effects of imperfections in the capital market has calculated that between .6 and 2 million jobs were lost because government economic policy inadvertently encouraged worker-managed firms to become too capital intensive.¹⁰ Another economist, Branko Horvat, contends that the growth rate could have been in excess of 10 per cent per year if the economics ministry had understood how to control the business cycle to prevent unnecessary cut-backs in investment and production.¹¹ Jaroslav Vanek feels that the failure of the government in adopting correct fiscal and monetary policies has greatly impeded economic development.¹² And David Riddell notes that "...the system has been bedevilled by planning mistakes."¹³ Thus while sceptics might argue that Yugoslavia's recent economic performance has resulted from a fortunate coincidence of economic factors, proponents of self-management can argue no less cogantly that the economy has performed well in spite of numerous disadvantages and probably could have done considerably better had the proper policies been

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10. A. Vahcic, An Econometric Analysis of Post-War Performance of the Yugoslav Economy, op. cit., as cited in: A. Vahcic and Jaroslav Vanek, "Self-Management, Workers' Management and Labour Management in Theory and Practice: A Comparative Study", op. cit., p. 8.
 11. Branko Horvat, Business Cycles in Yugoslavia, op. cit., pp. 3-7 and passim.
 12. Jaroslav Vanek, The Participatory Economy, op. cit., p. 47.
 13. David Riddell, "Social Self-Government: Theory and Practice in Yugoslavia", op. cit., p. 16.

followed.¹⁴

Yet what is important about Yugoslavia from our point of view is not that it has a higher rate of growth than the West or that its rate of inflation is slightly worse, but rather that as an economic system it works in a reasonably successful way. We have not argued that the purpose of workers' control is to facilitate higher output and profits, whether these accrue to owners or workers, but rather that other objectives ought to have a higher priority within industry. Thus evidence that economic collapse will not occur with the introduction of workers' control is all that is necessary to prove our case in this regard. And Yugoslavia provides such evidence.

II

If the economic success of the Yugoslavs challenges prevalent assumptions about the impracticality of workers' control, their innovations in management practice constitute a no less profound attack on orthodox views concerning the role of managers. As we noted in the first chapter, writers, such as Schumpeter, Kerr, Dahrendorf and Galbraith, believe that the authority of managers is derived from their acknowledged expertise rather than their position as agents of shareholders. The complexity of the management function, they argue, precludes workers from playing an active role in management decision-making. Nor can managers be made accountable to their

14. As Carole Pateman points out, the impressive economic performance of Yugoslavia has led to a notable shift in the type of criticisms raised by opponents of workers' management. In the early 1960's they confidently predicted that the "inherent economic weaknesses" of the system could lead to a sharp decline in the rate of development. However, by the end of the decade, when it was clear that such a decline had not occurred, they had come to feel that economic criticisms were not that important anyhow. Instead, self-management was attacked on the grounds that workers did not really manage; that the freedom of managers was being suppressed by the egalitarian tendencies of the regime; or any one of a number of issues associated with alleged infringements of the liberty of professionals and managers. See: Carole Pateman, Participation and Democratic Theory (Cambridge, 1970) pp. See, also: David Jenkins, Job Power, op. cit., pp. 107, 108.

subordinates, for the latter are incapable of judging executive performance.

Yet, in Yugoslavia, managers do account for their actions to their workforce and must obtain the approval of democratically elected workers' councils for the decisions they make. Although the practice of self-management varies considerably from one enterprise to another, the observations of Supec, Tanic, Adizes, Tannenbaum, Riddell, Blumberg and other scholars confirm that in many undertakings workers and their representatives do take an active part in decisions about investments, pricing, marketing and the like.¹⁵ Thus far from being the exclusive preserve of senior executives, these policy decisions can be controlled by workers.

The Yugoslav experience also casts doubt on the claim that management is necessary as an agent of social control. As we saw earlier, one of the reasons the Webbs and Hugh Clegg were anxious to preserve managerial prerogatives was the fear that workers would behave irresponsibly if they were not subject to the authority of their employers. Managerial prerogatives - and discipline - were thus essential to ensure that production was carried out efficiently.

But managers do not exercise the function of policing the behaviour of employees in Yugoslav factories.¹⁶ Indeed, quite the opposite occurs: workers take it upon themselves to see that everyone fulfils his obligations,

15 Rudi Supec, "Two Types of Self-managing Organizations and Technological Progress" First International Conference on Participation and Self-Management, Dubrovnik, Yugoslavia, Dec. 13-17, 1972, Vol. I, pp. 150-173; Zivan Tanic, "Dimensions and Factors of the Apperception of Self-Management" First International Conference on Participation and Self-Management, Dubrovnik, Yugoslavia, Dec. 13-17, 1972, Vol. I, pp. 139-149; Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp. 81-90, 110-132; A.S. Tannenbaum, Bogdan Kavcic, et al., Hierarchy in Organizations: op. cit.; David Riddell, "Social Self-Management, Theory and Practice in Yugoslavia", op. cit.; Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 196-232; David Jenkins, Job Power, op. cit. p. 108.

16. Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., p. 192.

as the following observation by Ichak Adizes illustrates:

The researcher noted, while visiting some shops, that many foremen were not in their units, but were at various meetings. Asked if the workers would work without supervision, the foreman replied, "they control each other, they don't need me for that." The supervisor's function was not that of a policeman, but simply that of a co-ordinator of activities.

In some units, if there was no need for co-ordination there was no supervision.¹⁷

Although it might be argued that, on occasion, peer group pressure can be as stifling to the individual as traditional managerial sanctions, outside observers believe that this is generally not the case.¹⁸ Because there is no structural conflict of interest and because workers live in similar social and economic circumstances, it is far less likely that the individual will be oppressed. Democratic practices can certainly be abused. But they are preferable to a situation in which discipline is imposed by a separate management group which has both a duty and a vested interest in keeping workers in a position of subordination.

The Yugoslav experiment thus shows that it is quite possible to separate management's technical functions from its role as an agent of social control. Industry does not collapse where managers have no stick to wield. Indeed, industrial relations appear substantially improved where workers themselves carry out disciplinary functions. This point needs to be underlined, for much of the discussion of the 'impracticality' of workers' control focuses

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17. Ibid., p. 192. It is worth noting that workers elect their foremen, thus ensuring that the individuals who perform these jobs have the support of those they oversee.
 18. The fact that workers actually do control discipline within factories has been verified by many Western observers. Perhaps the best outline of how the Yugoslav system functions in this area is to be found in the 1962 I.L.O. Report cited earlier. In addition, accounts by David Tornquist, Ichak Adizes, Roy Moore, Frederick Singleton and Anthony Topham all confirm that discipline has been transferred out of management's hands. See: I.L.O., Workers' Management in Yugoslavia, op. cit., pp. 179-203; David Tornquist, Look East, Look West: The Socialist Adventure in Yugoslavia (New York, 1966) pp. 174-180; Ichak Adizes, Industrial Democracy: Yugoslavia Style, op. cit., pp. 165-194; Jan Vanek, The Economics of Workers' Management: A Yugoslav Case Study, op. cit.

on the alleged inability of managers to carry out their functions properly without the threat of sanctions to back up their demands. It is frequently asserted in the British press, for example, that a major reason for the industrial 'troubles' besetting British industry is that managers do not have sufficient 'authority', by which ... is meant disciplinary prerogatives, and hence that workers are allowed to 'get-away with' any number of irresponsible acts. Not unexpectedly, the solution proposed in response to this problem is to strengthen management's hand. Yet in Yugoslavia, where managers do not have such powers, the number of strikes is minimal when compared with Britain. Although critics have suggested that this is because the Communist party suppresses dissent, most observers feel that it is a result of the absence of a structural conflict of interest between owners and workers.¹⁹

Evidence that workers can perform disciplinary functions competently reinforces our critique of the role of management in the West. The enormous quantities of time and money that have been spent on devising strategies for controlling the behaviour of workers cannot be justified on the grounds that such control is essential for the smooth functioning of modern industry; the Yugoslav experience shows that it is not. Rather, such strategies have been devised to ensure that the interests of shareholders take precedence over the needs of workers. The reason management must have disciplinary powers under private ownership is precisely because it must be able to suppress attempts by workers to assert their own priorities. Similarly, the reason management must continually search for new methods of reducing the autonomy and discretion of workers is that only by so doing can it guarantee that the interests of shareholders are fulfilled.

19. For a good analysis of the causes of strikes in Yugoslavia see: Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit.; Other accounts are to be found in the following books and articles: Frederick Singleton, "Yugoslavia's First Official Strike", The Spokesman No. 8, (Dec. 1970); David Garson, On Democratic Administration and Socialist Self-Management, op. cit., pp. 38-44; Ken Coates and Tony Topham, The New Unionism, op. cit., p. 229; Josip Zupanov, "Employee Participation and Social Power in Industry", op. cit.; David Jenkins, Job Power, op. cit., p. 112.

Ironically, the function of technicians and administrators under workers' management comes much closer to the 'neutral', purely technical role which the managerialists wrongly argue they now perform in the West. Because managers no longer have to concern themselves with exercising social control over their subordinates, they can concentrate their energies on technical and administrative functions. And they are in a better position to provide help to workers because such assistance cannot be interpreted as a subtle way of forcing workers to produce more, or a method of scrutinising their working habits. In freeing them to do that for which they were trained, self-management opens up new possibilities for such workers, and enables them to avoid the difficult - and delicate - personnel matters associated with enforcing the demands of shareholders.

Thus we see that the abolition of management's traditional role as an agent of social control can facilitate the development of a new and more co-operative pattern of relationships between managers and workers. Management's technical and administrative skills can be utilised as effectively in the pursuit of objectives agreed upon by the majority of workers as they have, in the past, been used to further the aims of owners. Under workers' control the task of managers becomes not one of dominating workers but rather of assisting them in attaining the objectives which they have democratically established. Discipline, as Tawney rightly argued, could be replaced by co-operation and fellowship, once the structural impediments of private ownership and control were removed.

Of no less importance is the support that Yugoslav self-management gives to Tawney's argument that the worker could be treated as a responsible moral agent willing to fulfil his obligations to the working community without having to be coerced. This does not mean that social pressure, particularly from fellow workers, is entirely absent in Yugoslav enterprises. Nor have they dispensed with all disciplinary measures. But they have shown the practicality of the assumption that in a free society, people do not need

to be forced to do their jobs. Work can be treated as a co-operative venture in which the benefits - and responsibilities - are shared among all members of the working community. Thus the assumption of the Webbs and Hugh Clegg that the worker had to be controlled by management in order to prevent him from behaving irresponsibly is discredited.

The fact that Yugoslav enterprises have been able to foster reasonably harmonious relationships between workers and managers also lends support to Tawney's claim that removal of the 'dead hand' of private ownership would reduce industrial conflict. The Yugoslav experiment demonstrates that it is not 'industrialization' or 'technology' which is the source of most disputes within industry, but rather the conflict of interest between owners and workers. Moreover, co-operation in Yugoslav industry has not been established on the basis of sophisticated manipulation by highly paid psychologists and sociologists anxious to help management 'solve' its labour problems. Nor has it been achieved by suppressing workers.²⁰ Rather it has been attained by doing precisely what Tawney suggested: giving ordinary workers industrial citizenship. Harmony has been established on the basis of voluntary co-operation among equals, not on the subordination of one group to another.

According to economists, such as Vanek, the abolition of structural sources of conflict in Yugoslav industry has had significant economic benefits as well.²¹ Aside from the fact that losses due to strikes are minimal, observers have noted the absence of practices such as output restriction, deception, sabotage and other devices used by workers in the West to protect

20. Of course, there are instances of the suppression of workers' rights. No system is perfect. Yet the abuses in Yugoslav industry are certainly no greater than those in the West, particularly when we consider that in countries such as the U.S. less than one third of the labour force is unionized.

21. Jaroslav Vanek, The Participatory Economy, op. cit., Ch. 3.

themselves from exploitation by management.²² Moreover, because workers control how their work is organized, they are able to deal directly with impediments to production, without having to obtain permission from higher authorities. And, because they have no reason to obstruct production, their talents and energies are more effectively utilized than is the case with their counterparts in the West.

Indeed, as a number of Yugoslav economists have noted, the ability of Yugoslav firms to enlist the full co-operation of their workforce in the pursuit of democratically-chosen objectives is probably the major reason for their economic success.²³ Because Yugoslav workers take an active role in the affairs of their undertakings, suggestions and proposals for improving production emanate regularly from the shop-floor. Production of better and cheaper products improves the economic position of the firm and, therefore, the income of those who work within it. Consequently, they have an important incentive to minimize production costs and improve the quality of their goods or services. Similarly, because antiquated work methods reduce the income of the working community, workers have a major incentive to modernize production techniques.²⁴ This contrasts with the situation under private ownership where innovations frequently lead to the obsolescence of traditional craft skills and the substitution of lower paid labour. Because workers' councils in Yugoslavia are reluctant to lay off members of their working community, improvements in production methods are not seen as

22. See, for example, the account by Ichak Adizes in: Industrial Democracy: Yugoslav Style, op. cit. See also: Jaroslav Vanek, The Participatory Economy, op. cit., pp. 15-20, 43-46.

23. Jaroslav Vanek, The Participatory Economy, op. cit., pp. 30-32; Mitja Kamusic, "Economic Efficiency and Workers' Self-Management" in M.J. Broekmeyer (ed.) Yugoslav Workers' Self-Management, op. cit., pp. 111-113.

24. As we noted in footnote No. 8, self-managed enterprises have a tendency to become capital intensive, a factor which has contributed to the high level of unemployment in Yugoslavia. However, this tendency also shows that workers are not reluctant to utilize the most modern and efficient equipment.

a threat by their members.²⁵ Moreover, because workers rather than outside owners receive the benefits of such innovations, both financially and in the form of better working conditions, they have every reason to encourage modernization. And this, according to many observers, is precisely what happens.²⁶

The Yugoslav experience thus undermines another common criticism of workers' management, namely, that workers will preserve traditional methods of work at the expense of consumers. As we noted earlier, the Webbs felt that the tendency of workers to oppose modernization was a major reason for denying them control over production. However, in light of the Yugoslav experience it is clear that such opposition under private ownership does not spring from the inherent conservatism or self-interest of workers but rather from the rational fear that employers will use these innovations to destroy their livelihood. Once workers are assured that they will share in the benefits of technological innovations, they behave differently, as the Yugoslavs have shown.

The Yugoslav experiment also provides an answer to a number of other objections which are frequently raised concerning the ability of workers to take part in management. For example, it is commonly argued that if workers are given the power to hire and fire their managers they will prove incapable of selecting persons who are qualified for the job. Indeed, in a country such as Britain with its notable class differences, the idea that working people should be able to determine who will be appointed to

25. Western economists, noting this fact, have argued that it obstructs the operation of the labour market and thus leads to inefficiencies in the allocation of skilled workers in the economy. However, as Branko Horvat notes, such policies also have an important effect in modifying fluctuations in the business cycle, thus compensating for their adverse impact on the labour market. See: Branko Horvat, Business Cycles in Yugoslavia, op. cit.

26. See, for example: Jaroslav Vanek, The Participatory Economy, op. cit., pp. 31, 32; Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp. 79-132; David Jenkins, Job Power, op. cit., pp.

deal with the administration and technical affairs of industry is looked upon with abhorrence. Yet this is precisely what does occur in Yugoslavia. The director of each firm is selected by the workers' council after a public competition for the position. Similarly, all other senior executives must be appointed by the workers' elected representatives.²⁷ Such practices do not appear to have jeopardized the economic performance of Yugoslav enterprises as the statistics, cited earlier, confirm.

The feasibility of workers' control has also been challenged on the grounds that workers are not capable of the self-restraint necessary to ensure sufficient investment.²⁸ Instead, it is argued that they will follow the short-sighted policy of paying themselves high personal incomes and thus jeopardise the future economic development of their enterprises. A more sophisticated version of this criticism is that workers will not feel sufficient commitment to their undertakings to sacrifice present earnings for future investment when the only way they can reap the benefits of such investment is to remain with their firm.²⁹

However, the problem of under-investment has not plagued Yugoslav firms. As David Jenkins notes "...there is no evidence in the statistics that wage increases have been, on the whole, excessive, or that investment has suffered."³⁰

27. I.L.O., Workers' Management in Yugoslavia, op. cit., pp. 100-116, 276-292. Of course, all workers are selected by a similar process.

28. See, for example: Tim Congdon, "The Economics of Industrial Democracy", op. cit., pp. 255, 257.

29. Ibid., pp. 255, 256.

30. David Jenkins, Job Power, op. cit., p. 103. Jaroslav Vanek provides a good economic analysis of why this is not the case. See: Jaroslav Vanek, The Participatory Economy, op. cit., pp. 145-148. See also: Jaroslav Vanek, The General Theory of Labour-manager: Market Economics (Ithaca, N.Y., 1970) Ch. 16 and A. Vahcic, An Econometric Analysis of Post-war Performance of The Yugoslav Economy, op. cit.

One reason is that workers do not have the kind of capitalist mentality which is assumed by those who make this criticism. Another is that workers readily see the value of modernizing production, because they benefit both financially and in terms of more comfortable, less laborious work. Moreover, because Yugoslav workers see themselves as self-managers and not merely sellers of labour, they tend to develop a strong commitment to the success of their enterprises. On the basis of this evidence, there is no reason to assume that the introduction of workers' control in Britain will lead to short-sighted economic policies or a lack of investment.

Another objection which is frequently raised is that if workers are given control of industry, they will reduce wage differentials to the point where managers will no longer be willing to make the effort required to perform their jobs properly. To use Sir Keith Joseph's term, managers will no longer have an adequate 'incentive' to accept the heavy responsibilities of their job.

Although it is perfectly true that Yugoslav workers have used their power to reduce wage differentials, there is little evidence that this has undermined economic performance.³¹ Nor is there any indication that Yugoslav managers are willing to go back to manual labour because they feel the responsibilities associated with executive office are too great for the salary offered. Obviously, what constitutes an adequate 'incentive' varies from one country to another. Thus it could be argued that Yugoslav managers might be satisfied with much less than their British counterparts. Nevertheless, Yugoslavia has moved from a pre-war situation where differentials were extremely great, to the present one in which they are relatively narrow, while substantially increasing economic performance,

31. Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., p. 214.

thus demonstrating that a reduction in differentials is compatible with a high rate of economic development.³² Indeed, if efficiency were dependent on the 'width' of differentials, one would expect neighbouring Italy, with its extreme differences in pay between managers and workers, to be more efficient than Yugoslavia.³³ Yet this is not the case. Nor, one might add, is Britain, with its wide differentials, more efficient than Sweden or Denmark where, according to the logic of Sir Keith Joseph's argument, one would expect industry to be on the verge of collapse.

As Jaroslav Vanek notes, workers' management has a built-in mechanism for ensuring that differentials are adequate to provide sufficient incentive, yet not so great as to offend the sense of fairness held by the majority. If workers do not pay their executives and technicians adequately, competent people will leave, economic performance will suffer and workers will see their own incomes diminish. Hence they will be willing to pay what is necessary to hold qualified personnel within the enterprise. However, they will be unlikely to offer more than this because increased income distributed to executives means less for themselves and because their sense of justice will normally incline them to reduce differentials as much as possible. Thus the democratic process provides a perfectly adequate method of arriving at differentials which are acceptable from both a normative and an economic point of view.³⁴

Critics of workers' control have also claimed that workers do not want to be burdened with the responsibilities associated with management.

32. A.S. Tannenbaum, Bogdan Kavcic et al. Hierarchy in Organizations, op. cit.

33. According to the study by Tannenbaum, Kavcic et al., cited earlier, each step in the organizational hierarchy in large Italian firms is accompanied by a 218% rise in salary. In Yugoslavia, it is accompanied by a 53% rise in salary. That is, differentials are roughly four times as great in the former country than in the latter. See: A.S. Tannenbaum, Bogdan Kavcic et al., Hierarchy in Organizations, op. cit., p. 107.

34. Jaroslav Vanek, The Participatory Economy, op. cit., pp. 30, 31.

Instead, they have other interests which they see as more important than participating in industrial decision-making. The fact that trade unions in the West have renounced any desire to supplant management is often cited in support of this argument. Similarly, the findings of opinion polls that workers do not aspire to take over the management function are pointed to as further evidence that workers have no interest in participating in decision-making. In the words of Clarke Kerr:

...(S)erious interest in industrial participation appears to be limited to a minority of the work force and citizenry, albeit this proportion may show some secular rise with industrialization. The careful studies of worker participation that have been made both in eastern and western countries do not suggest that any sustained interest in participation at the work place has compelled drastic changes in worker organizations.³⁵

Yet what is clear from the Yugoslav experiment is that once exposed to workers' management, workers would not tolerate any other system. A strong commitment to self-management has been revealed in every survey which has posed the question of whether Yugoslav workers would prefer a system where management were given more power.³⁶ As Tawney predicted, workers prefer industrial citizenship with its accompanying burdens, to a system where they are treated as 'hands'.

Moreover, the Yugoslav experiment demonstrates that the values associated with workers' management can be fostered in an environment in which self-management was not part of the previous social tradition. Thus it provides an answer to the vital question of whether workers can be

35. Clarke Kerr, John T. Dunlop et al., Industrialism and Industrial Man, op. cit., p. 301.

36. See, for example: David Riddell, "Social Self-Government: Theory and Practice in Yugoslavia", op. cit., pp. 22, 23; G. David Garson, On Democratic Administration and Socialist Self-Management: A Comparative Survey Emphasizing the Yugoslav Model, op. cit., pp. 40, 41; Bogdan Denitch, "Self-Management in Yugoslavia", op. cit., p. 7; Rudi Supec, "Two Types of Self-Managing Organizations and Technological Progress", op. cit., pp. 168-171; Zivan Tanic, "Dimensions and Factors of the Appreciation of Self-Management", op. cit., pp. 143-148; David Jenkins, Job Power, op. cit., pp. 111, 113, 114.

persuaded to accept the responsibilities required to make the system work. Indeed, the progress that has been made in this regard in Yugoslavia is quite remarkable. Before the war, Yugoslav industry was characterized by rigidly authoritarian relationships between employers, many of whom were foreign, and poorly paid, insecure Yugoslav workers. Trade unionism was unknown in many areas of the economy, and the power that employers had over their employees could fairly be described as autocratic.³⁷ Yet in twenty-five years of self-management, a virtual revolution in attitudes towards industry has taken place. Workers' control is now viewed as the only acceptable basis for the management of the Yugoslav economy.

This suggests that the reason workers in the West have not shown more interest in controlling management is not that they are incapable of exercising power responsibly or that they cannot be bothered, but rather that the system of private ownership has systematically excluded them from decision-making and encouraged them to seek fulfilment outside the work place. However, given the opportunity to participate, as the Yugoslav experiment shows, there is no reason to suppose that they would be any less anxious to take part in management than their Yugoslav counterparts. If poor, uneducated Yugoslav peasants can be persuaded to accept the responsibilities associated with workers' management, the prospect for workers in more developed countries is highly promising. Indeed, in the context of a developed economy, such as that of Great Britain, with its strong tradition of democratic trade unionism, this aspect of the transition to workers' control would probably be considerably less difficult than in Yugoslavia.

Thus we see that the successful attempt at workers' management in Yugoslavia has resolved a number of key issues relating to the management

37. For an excellent discussion of the pre-war industrial situation see: A.S. Tannenbaum, Bogdan Kavcic et al., Hierarchy in Organizations, op. cit., pp. 221, 225.

function. It has shown that workers can participate in decisions traditionally thought to be the exclusive preserve of senior executives. It has also revealed that management's traditional role as an agent of social control is quite unnecessary. Workers are perfectly capable of acting responsibly without being subject to the disciplinary sanctions of management. Similarly, the autocratic pattern of authority relationships characteristic of industry under private ownership can be replaced by a democratic one without undermining economic efficiency. Finally, it has shown that, once exposed to self-management, workers rapidly come to accept it as the only satisfactory basis for the organization of modern industry and are perfectly willing to accept the responsibilities, as well as the benefits, that follow from it.

III

One of the most persuasive arguments of Hugh Clegg and other proponents of the existing pattern of collective bargaining in the West has been that workers' rights and interests could not be protected if their representatives took part in management. Trade unions must be free to oppose management unencumbered with any managerial responsibilities, in the same way that the parliamentary opposition is free to oppose the government. If workers also formed the government of industry there would be no opposition; hence the rights of individuals would no longer be protected. Yet there is little evidence that workers' management in Yugoslavia has led to the abuses forecast by its detractors. It is true that Yugoslav trade unions play a somewhat different role from their Western counterparts. In particular, they do not adopt the "oppositional" stance which is the hallmark of Clegg's theory of industrial democracy. Yet their function in encouraging lower paid, semi-skilled and unskilled

workers to make better use of their self-management rights is hardly less valuable. And, in recent years, they have been willing to make use of the strike weapon in cases where the rights of ordinary workers were being ignored by a domineering director or unresponsive workers' council.³⁸

Yugoslav firms also embody the principle that the worker ought to be judged by his peers, rather than higher authorities. When a worker is accused of breaking one of his firm's regulations, he is tried by an elected committee in his own department or shop. In serious cases, legal advice and representation is available to him. Moreover, he can appeal to the workers' council and, finally, to the economic courts if he feels that he has been unfairly treated. This appeal procedure also acts as a check on discriminatory behaviour by his workmates. As Tornquist and Adizes have noted, workers do not treat disciplinary matters lightly because offences are seen as challenges to the working community.³⁹ Hence to be convicted is a very serious matter. Consequently, disciplinary committees tend to be lenient unless the offence is so serious that it cannot be tolerated by the community.

Moreover, the interests of Yugoslav workers are safeguarded by a number of other bodies which have no parallel in the West. The aggrieved

38. A good survey of official thinking on the question of strikes is to be found in the April-May 1972 issue of Socialist Thought and Practice which devoted ten articles to the function of trade unions under self management. See also: David Garson, On Democratic Administration and Socialist Self-management, op. cit., pp. 38-40; Ken Coates and Tony Topham, The New Unionism, op. cit., pp. 229-231; David Riddell, "Social Self-Government: Theory and Practice in Yugoslavia" op. cit., p. 22 and passim; Josip Zupanov, "Employees' Participation and Social Power in Industry" op. cit.; Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp. 177-180; Frederick Singleton, "Yugoslavia's First Official Strike", The Spokesman, No. 8 (Dec., 1970); David Jenkins, Job Power, op. cit., pp. 111, 112.

39. Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp. 168-192; David Tornquist, Look East, Look West: The Socialist Adventure in Yugoslavia, op. cit., pp. 175-180.

worker can turn to his elected representatives, the workers' council, the League of Communists, the director, the economic courts, or, in some cases, the local commune in his attempt to obtain justice. Accounts of how the Yugoslav system functions in practice, confirm that workers do make use of these channels.⁴⁰ Indeed, some observers have suggested that the Yugoslav worker is more likely to obtain redress for his grievances than his counterpart in the West because he can choose to pursue his case through the organization which he feels will be most sympathetic to him.⁴¹ The Yugoslav system illustrates what should be an obvious point: in a democratically run enterprise it is perfectly feasible to build in a number of safeguards to protect the rights of individuals. There is no inherent reason why workers cannot control the organizations within which they work and yet still make provisions to ensure that that control is not used to oppress individual workers.

Turning to the larger issue of the protection of the collective interests of workers, the fact that control of enterprises rests in the hands of elected representatives provides an effective guarantee that management will not ignore their interests. Workers not only have the power to elect whomever they wish to their workers' councils and other decision-making bodies; they also have the right to recall these representatives at any time. Individuals or groups of workers can also make proposals to the decision-making bodies directly or initiate referenda on certain issues.⁴² Because decision-making is public, workers can make

40. International Labour Office, Workers' Management in Yugoslavia, op. cit., pp. 179, 180; Adolf Sturmthal, Workers' Councils, op. cit., pp. 117, 118; Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 206, 207.

41. Adolf Sturmthal, Workers' Councils, op. cit., p. 118.

42. On this question, see the excellent discussion in the I.L.O. report, Workers' Management in Yugoslavia, op. cit. Accounts of how these grievance procedures work in practice can be found in Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp. 168-177; David Tomquist, Look East, Look West: The Socialist Adventure in Yugoslavia, op. cit., 176-180.

their opinions and interests felt at any stage of the process. Although the practice of workers' management varies from firm to firm, in the more successful ones there is no doubt that workers are able to pursue their interests more effectively than in the West.

For example, the ability of Yugoslav workers to take part in the planning process gives them the opportunity to shape the policies which affect their future. Because decision-making is public, proposals which may adversely affect individuals or groups of workers are subject to intensive scrutiny long before any decisions are made. It is inconceivable that managers in a Yugoslav firm could secretly decide to shift investments to another factory - or country - where labour was cheaper or more compliant. Similarly, it is impossible to imagine them adopting new technologies or methods of production with the sole purpose of cutting labour costs by making large sections of their work-force redundant.

As we noted earlier, Yugoslav enterprises tend to maintain a stable level of employment regardless of fluctuations in the business cycle. This is because workers are collectively willing to absorb the costs of adverse economic conditions rather than allow some of their fellows to be made redundant. Such protection against redundancy is unavailable to workers in the West because the policy which minimizes the losses of shareholders is normally one of shedding 'surplus' labour. True, trade unions can demand redundancy pay and perhaps threaten retaliatory strikes to defer owners from wholesale redundancies. But trade unions cannot force owners to take losses on their investments: hence they must succumb to the 'logic of the market' and accept the owners' right to discard labour when this is the most 'economically sound' course to follow. Thus we see that workers' management provides better protection for the interests of workers on this question.

Finally, in areas such as health and safety, the fact that workers control decision-making ensures that their interests are not subordinated to the demands of shareholders for greater profits. Workers can decide whether the benefits associated with the use of certain types of machinery or the production of particular substances are worth the risks entailed. As it is their lives that are endangered they are more likely to give such considerations full weight when making their decisions. Of course, this does not mean that Yugoslav workers always make the most sensible choice. Ignorance of the dangers of chemicals and other products, particularly those of recent origin, cannot be discounted. Similarly, economic pressures may make them willing to take risks which others would find unreasonable. But the basic advantage of workers' management remains: the workers who bear the risks are the ones who have the power to control the decisions that are made. The conflict of interest between owners, anxious to maximize their returns by pressuring workers to take unnecessary chances, and workers interested in preserving life and limb, does not exist under workers' management.

Thus we see that Clegg's argument that workers' interests could only be protected under a system where workers did not participate in management is refuted by the Yugoslav example. Indeed, what it reveals is that the best way to safeguard the interests of workers is to give them control over managerial decision-making. Without such control, it is difficult to see how they can avoid being subjected to arbitrary decisions by individuals who have vested interest in exploiting them.

IV

The Yugoslav approach to self-management has also dispelled another common notion about the role of the state in a socialist society. Clegg argued that too much nationalization was dangerous for it destroyed the

pluralist economic framework which was the major guarantee of individual freedom, both at work and in the wider political sphere. Public ownership, if carried too far, would lead to monolithic state control similar to that in the Soviet Union. Yet what is notable about the Yugoslav approach to socialism is that state intervention in the economy has been minimized. Indeed, the Yugoslav system is more decentralized than that of Great Britain and, ironically, the central government is proportionately much smaller as well.

When self-management was introduced in the early 1950's the federal government in Yugoslavia was, literally, decimated. Whereas in 1948 there were 47,300 civil servants, by 1956 this number had been reduced to 10,326.⁴³ Official commitment to the "withering away of the state" has resulted in further reductions in the ensuing years. For example, in 1964, according to O.E.C.D. figures, the federal government accounted for 13 per cent of the G.N.P. By 1969, the figure was 8 per cent.⁴⁴ No country in the West has managed a comparable reduction. Indeed, no country in the West has a central government remotely as small. This evidence clearly refutes Clegg's argument that nationalization inevitably leads to massive concentration of state power.

The Yugoslav example of industrial democracy also challenges the Morrisonian approach to nationalization followed by the Labour Party in the post-war period. Arguments which were accepted by Labour

43. Bogdan Denitch, "Self-management in Yugoslavia", *op. cit.*, p. 6.

44. Economic and Development Review Committee, O.E.C.D., Yugoslavia (Paris, O.E.C.D., 1970) pp. 19-21. As cited by David Jenkins, Job Power, *op. cit.*, p. 97. More recently, a report in the Financial Times noted that "...decentralization has reached the stage where the government has no everyday means of fine-tuning the economy." By this it was meant that the role of the central government had diminished to the point where it lacked the fiscal and monetary tools used by governments in the West to regulate their economies. See: Financial Times Special report on Yugoslavia, Friday, June 11, 1976, p. 15.

Governments concerning the necessity of maintaining a hierarchical pattern of control in the industries taken into public ownership appear much less persuasive now that the Yugoslavs have shown that public enterprises can be organized according to radically different principles. In particular, they have demonstrated that workers can manage public property in a socially responsible way. It should be noted in this respect that the Yugoslavs have not restricted workers' management to the market sector. Schools, hospitals, research laboratories and many other public services function along lines similar to self-management in industry. Thus it is not possible for critics to argue that workers' democracy is only feasible in areas of the economy where the market acts as a check on financial mismanagement. This is an important finding because it suggests that workers' control can be introduced into public enterprises in Britain without fear of wholesale cost over-runs or a decline in service to the public.

The policy of making the records and accounts of Yugoslav enterprises available to the public provides an important safeguard, ensuring that workers and their representatives cannot easily abuse their powers.⁴⁵ Traditionally, of course, it was argued that such a policy could not be followed in public enterprises, both for commercial reasons and because open decision-making would result in unwanted interference by workers and outside groups anxious to exploit any information made available. Yet open

45. Tawney argued that publicity would perform precisely this function. See: The Acquisitive Society, op. cit., p. 126. For verification of the 'openness' of Yugoslav decision-making, see: Gerry Hunnius, "Workers' Self-Management in Yugoslavia", op. cit., p. 285; International Labour Office, Workers' Management in Yugoslavia, op. cit., pp. 67-73; Paul Blumberg, Industrial Democracy: The Sociology of Participation, op. cit., pp. 196-209. The Yugoslavs also have established a number of mechanisms for ensuring that accounts cannot be 'doctored'. For example, the accountant in each enterprise has a special, independent status and cannot be fired by the workers' council. And the tax authorities act as an additional check.

decision-making in Yugoslav has not harmed economic performance. Indeed, it has been suggested that it fosters better management because mistakes are quickly exposed. In light of such evidence, the 'commercial' justification for excluding workers from the decision-making process seems rather flimsy, particularly when we consider the vested interests of various groups anxious to keep workers out of the boardroom.

The importance of eliminating secrecy cannot be too strongly emphasized, however, for it has the dual effect of exposing mismanagement and limiting opportunities for exploiting the public. In Yugoslavia local newspapers frequently discuss and criticize the policies adopted by firms in their area.⁴⁶ When decisions contrary to the community's welfare are taken, the ensuing publicity often forces enterprises to reconsider their actions. There is every reason to assume that in the British context, similar benefits would ensue from 'opening the books'. Indeed, such a policy would go a long way towards eliminating the incestuous relationship with the private sector which profits so much from its dealings with public enterprises. And, more importantly, it would provide ordinary citizens with the information necessary to make democratic decision-making on industrial issues possible.

Thus we see that it is perfectly feasible to establish forms of public ownership which give workers control over the decisions affecting their working lives while ensuring that this control is not used to exploit the public. Clegg's argument concerning the need to maintain a hierarchical authority structure, with its accompanying subordination of workers, is refuted. Indeed, the Yugoslavs have demonstrated the truth

46. Ichak Adizes describes a wildcat strike in one of the factories he studied while gathering material for his doctorate. He mentions that one of the first steps of the dissident workers was to tell their grievances to the local paper. It published a story featuring the strike in the following day's edition. See: Ichak Adizes, Industrial Democracy: Yugoslav Style, op. cit., pp.174-186.

in Tawney's assertion that:

...public ownership, like private enterprise may be accompanied by any one of a dozen systems of organization, and that its effect, good or bad, will depend not upon the name used to describe it, but upon which particular system of organization is adopted in any given case.⁴⁷

V

As we have seen, the Yugoslav experiment refutes a number of common assumptions about the impossibility of workers' control. In the economic sphere, it demonstrates that an economy can be run in a reasonably successful manner on the basis of workers' management. With regard to the management function, it shows that workers can participate effectively in the planning and organization of a modern enterprise. Moreover, such participation in management is fully compatible with the protection of their rights and interests. Finally, the Yugoslavs have demonstrated that nationalization does not lead invariably to monolithic state control as has taken place in the Soviet Union. Rather, it can be a useful tool in creating a more democratic - and pluralist - industrial framework.⁴⁸

The Yugoslav experiment reminds us that industrial organizations are created by human beings to fulfil human purposes. The 'demands' of industry upon individuals are not determined by Robert Blauner's

47. R.H. Tawney, The Acquisitive Society, op. cit., p. 120.

48. The positive effects of self-management in terms of liberalizing Yugoslav society have been noted by a number of writers such as Branko Horvat and Frederick Singleton. The fact that Yugoslav industry is now highly decentralized acts as a check on the growth of state power, while the democratic practices established within enterprises tend to generate pressure for a corresponding democratization of political life.

'technological imperatives' or Clarke Kerr's 'logic of industrialization', but by the social values underlying its organization. If it is seen as morally acceptable to subordinate the aspirations of working people for self-determination at work to the interests of shareholders, anxious to maximize output and profits, then the organization of industry will reflect this priority. However, if it is seen as desirable that producers should exercise control over their work, then, as the Yugoslavs have shown, authority relationships and technology itself can be re-arranged to foster this purpose. There is no 'logic of industrialization'; only a logic of men.

Tawney's argument that the question of how industry is to be organized is primarily a moral, not a technical, one is thus given ample support by the Yugoslav example. To be sure, technical and organizational considerations do act as constraints. But these constraints are neither as important as is commonly assumed, nor as difficult to surmount. The real constraints, as he rightly argued, are rooted in social and political institutions which legitimize control of the working lives of the majority by a tiny class of property owners. It is these constraints - constraints imposed by other men - which are still the basic source of the workers' subordination at work. However, the Yugoslavs have shown that these limitations can be overcome. And once the social organization of industry is founded upon a different set of priorities, the technical aspects of production will fall into their rightful place as means for the pursuit of human ends.

Thus what is significant about the Yugoslav experiment is not that it provides a blueprint for workers' management in other countries - although certainly many of its innovations could be borrowed to good advantage. Rather, it is that Yugoslavia demonstrates the feasibility of vesting decision-making authority in the hands of producers. It is an example

of what can be achieved, but not necessarily a model for others to copy. It illustrates how one country with a unique historical, cultural and economic background has gone about the democratization of its industry.

For this reason, the implementation of workers' management in other countries could well follow a somewhat different pattern. In Great Britain, for example, the process of transferring power from private owners is unlikely to be aided by a national liberation struggle comparable to the one which facilitated Tito's rise to power. Instead, it must rely on the ability - and willingness - of the labour movement and the trade unions to challenge the existing framework of ownership and control. At the same time, British socialists have a long and valuable history upon which to draw in their efforts to lift the 'dead hand' of the capitalist from industry.

The extension and reorganization of public ownership, combined with a concerted effort to open the boardrooms of major private companies, as suggested by Wedgwood-Benn, is one fruitful approach to this question. Another strategy would involve a major expansion of the issues raised in negotiations between trade unions and employers. Unions would demand a greater say in decisions concerning investment, pricing, finance and manning, as well as increased information about boardroom decisions. Election of union representatives to the board of directors constitutes yet another possible way of enhancing the role of workers in decision-making. Of course, the purpose of such representation would not be to promote better 'human relations', or to foster integration into the existing framework, but rather to gain an additional lever in the struggle to ease out the existing representatives of property.

Regardless of the specific strategies adopted, the ultimate goal must be clear: to establish self-determination at the workplace. It

must be to give ordinary working people control over the decisions which so greatly affect their happiness and well-being. For as we have seen, control of the lives of workers by owners of property and their representatives is neither morally justifiable in a society committed to the ideals of democracy, nor economically necessary. It can, and should be supplanted: anything less is an affront to human dignity.

VI

In the preceding chapters, we have examined a number of questions associated with the basis and purpose of authority within contemporary industry. It is now appropriate to tie together the various strands of our argument. We began by questioning the common assumption that the management function in Western societies is a neutral, technocratic one in which ownership no longer plays a significant role. The arguments of Berle and Means, Burnham, Galbraith and other supporters of the 'separation of ownership from control' thesis were challenged on two counts. First, from a conceptual point of view, proponents of 'managerialism' confused the day-to-day administration of industry with the function of establishing general policy. Shareholders, we argued, were perfectly capable of seeing that the policies followed by business enterprises were made in their interests without becoming embroiled in the day-to-day administration. Second, from an empirical point of view, evidence that ownership was dispersed among a large number of owners did not prove that no shareholders were capable of exercising control. Rather, it indicated only that small shareholders were effectively disenfranchised. The very large shareholders, both individual and institutional, we maintained, were still capable of monitoring and checking the activities of the executives who managed their property. Moreover, when we turned to examine the actual behaviour of

business enterprises, we saw that the goal of maximizing profits was as dominant in contemporary business enterprises as it had been in their owner managed counterparts a century ago. On the basis of this evidence, we concluded that ownership, not professional expertise, remained the basis of the organization of contemporary industry and that the management function was still one of pursuing, albeit in a more sophisticated way, the interests of property.

The implications of management's role as an agent of shareholders were examined in the following three chapters. Scientific management, we argued, was developed not primarily to rationalize production, but rather to extend management control over the shop-floor in order to prevent soldiering and limit the ability of workers to pursue their own, rather than their employer's objectives. Taylor used engineering principles to carry out a social reorganization of work which he hoped would place management in complete control of the shop floor and reduce the role of workers to 'hands', confined to executing the orders of managers. Once this was accomplished, management would have a free hand in pursuing the goals of efficiency and productivity and thus be able to maximize the return on shareholders' capital.

Yet workers were not easily reconciled to their role as instruments of production, subservient to the will of management, scientific or otherwise. They reacted hostilely to their limited work roles and position of subordination. Thus other, more sophisticated methods of control were called for. As hostile workers responses were the source of management's difficulties, it seemed logical to find out more about them. Social science was thus enlisted in the quest to understand, and, ultimately, to control the attitudes and values of workers.

The human relations theorists concluded that the source of worker opposition lay either in psychological mal-adjustment or in non-logical

work group norms and mores which had come into existence as a response to the social needs of workers. In either case, they thought it would be possible to modify worker attitudes to the advantage of employers. Counselling could be used to persuade individual workers that opposition to management was an indication of psychological immaturity, while supportive supervisory techniques could be exploited to bring the norms and mores of work groups into line with the objectives of business. Like Taylor, proponents of human relations had no interest in the question of whether management had the right to manipulate workers: they simply took it for granted.

However, human relations also had notable weaknesses which soon became apparent. The worker was both more complex and more difficult to control than had been anticipated in the heady days when sociology and psychology promised a quick end to the labour problem. Hence managers renewed their search for strategies to overcome worker resistance. Post-war development in the behavioural sciences has been a most fruitful source of ideas in this quest. Particular attention has been paid to analyzing the employee's needs in the hope that these can be harnessed to corporate objectives. The findings of psychologists such as Maslow, Herzberg, McGregor and Argyris that workers want opportunities for self-expression, responsibility and initiative has led to the development of job enrichment and participation schemes designed to provide the worker with opportunities to satisfy such needs on condition that he pursue management goals.

Job enrichment and participation schemes have achieved only limited success, however, for their application has been restricted by the narrowly commercial constraints of efficiency and productivity. Jobs are enriched only where it is likely to 'pay'; otherwise, the techniques of scientific management are retained because these techniques still constitute the most

effective way of providing shareholders with the profits they demand from the enterprises they own.

Our discussion of contemporary management theory thus provided additional support for the contention that managers are agents of shareholders rather than independent socially conscious professionals. They have attempted to extend their control over all aspects of the productive process, including the minds of workers, not because this was necessitated by technical or administrative requirements, but rather because this was the only way they could guarantee that the interests of shareholders took precedence over the needs of workers. Industry has been organized to maximize efficiency and profitability not because such goals were dictated by industrialization, but because they were dictated by shareholders. And, the worker's autonomy and discretion have been reduced not because of organizational or technical imperatives, but because it was only by transforming him into a 'hand' that employers could be certain of his compliance with their objectives.

After demonstrating that contemporary management is still carried out in the interests of owners, we turned, in the following chapter, to examine the impact of private ownership and control on workers. Specifically, we challenged the fashionable view that management's control over the worker is not objectionable because the additional production so generated more than compensates for his loss of freedom on the job. To support our case, we pointed to the deleterious effects of management control in a number of areas of the worker's life. Pressure for production has resulted in the exposure of workers to unnecessary risks and occupational diseases. Because the employers who make the decisions benefit from the extra production resulting from hazardous methods of work, and because the workers who take the risks are excluded from the decision-making process, the latter are frequently exposed to risks

which could be eliminated if their welfare were thought of as highly as the balance sheet.

Yet physical health and safety, we argued, are only the tip of the iceberg. Routine, repetitive jobs performed under stressful conditions frequently lead to serious strains on the psychological well being of workers. Again, because such methods of work ensure maximum returns on shareholders' capital, they are utilized without regard for their deleterious effects. However, the most important drawback of the present system of ownership and control is that it denies the worker opportunities for self-expression, craftsmanship and personal development on the job. Instead of being an avenue for creativity and fulfilment, work is reduced to a means - and frequently an unpleasant means - for earning a living. By treating workers simply as instruments for the pursuit of shareholders' objectives, industry fails to respect their right to be treated with the dignity that is due human beings. Indeed, to regiment a human being to a task which fails to provide him with an opportunity to express himself is no less an attack on his personality than to expose him needlessly to physical danger. Thus we concluded that the present pattern of ownership and control had a profoundly deleterious impact on the lives of the workers subjected to it - an impact which far outweighed the consumer benefits resulting from this method of production.

In the next section of the thesis, we turned to examine the effectiveness of trade unions in redressing these abuses. While not denying the real accomplishments of unions, we maintained that their willingness to accept the subordination of workers to owners resulted in a failure to challenge the source of the problems confronted by their members. By focussing their energies on improving the terms and conditions of employment, they unwittingly legitimized the treatment of workers as hands. And, by accepting managerial prerogatives over a

wide range of decisions, unions collaborated in the maintenance of the status quo even though this meant that many of the needs and aspirations of workers were effectively stifled.

After demonstrating why private ownership and control of industry was unacceptable and why trade unions in their present form were inadequate in redressing its abuses, it was logical that we turn to examine an alternative view of how industry should be organized. We maintained that Tawney's vision of industry, organized on the basis of co-operation, fellowship and equality among producers still constituted a viable alternative to the status quo. Tawney's argument that the solution to the problems of industry lay in transferring control to the producers themselves, we argued, was no less relevant in our day than in his, despite the numerous changes which have occurred in the period since he put forth his views. Indeed, the need to provide self-determination at work has become even more pressing in the intervening years.

To substantiate our assertion, we turned, in the final chapter, to examine the Yugoslav experiment in workers' management. Despite its problems and shortcomings, the Yugoslav system demonstrates unequivocally that workers can participate in management. As we noted earlier, Yugoslavia's economic performance has been perfectly acceptable, while in terms of involving workers in the decisions which affect their lives, the Yugoslavs have advanced considerably beyond the collective bargaining approach found in the West. Moreover, the success of the system has refuted a number of common assumptions about the need for unilateral management power in industry.

Industry, we concluded, can be reorganized on the basis of a fundamentally different set of values, just as Tawney argued. The Yugoslavs have shown that the impediments to self-determination at work are not rooted in the impersonal demands of technology or industrialization, but rather in the power that property still exercises over industrial

enterprises. Once this power is removed, workers can reorganize industry according to a different and more human set of priorities.

VII

Yet the liberation of industry must be seen not simply as a liberation from private ownership and control, but also a liberation from the narrow, commercial values associated with that control. For as long as the purpose of work is viewed exclusively in terms of maximizing the production of material things, rather than as an avenue for the self-realization of producers, many of the abuses described earlier will continue. To break the hold of the cult of efficiency and productivity, we will have to develop a new vision of how industry ought to be organized - a vision which focuses not on the quantity of material objects produced but on the quality of men's lives. It must include an understanding that happiness is not the same as affluence and that pursuit of the latter may prejudice attainment of the former.

This means, first, that the role of work in fostering happiness must be given its rightful place in our priorities. We must recognize that human beings have needs for creativity, self-development, fellowship, and, perhaps most importantly, for a sense of purpose in their lives. And we must see that it is in their work that they are most likely to be able to fulfil such needs. Thus to treat them as objects, as mere 'hands', is to stifle their most fundamental human aspirations. Moreover, because individuals require opportunities for self-development, consumer goods cannot offer compensation for what they have lost at the workplace. A new automobile or a larger stereo is no compensation for a job which chains a human being to a monotonous, stultifying task throughout his working life. Indeed, the fulfilment arising from exercising a skill or performing a socially worthwhile

task has a value for the individual which cannot be measured in narrow, commercial terms.

Thus we must be willing to sacrifice increased output in favour of giving people an opportunity for self-development at the workplace. Production must be reorganized to enhance the worker's responsibility and control over his work. The stifling constraints of Taylorism and other management techniques designed to reduce his autonomy must be removed so that he can develop his potential through his work. The enrichment of work, not as a management technique designed to extract more output, but rather as an end in itself, must become a central aim of social policy. For the damage that is done to human beings by methods of production in which they are treated merely as 'hands' is simply too high a price to pay in a society where demand for the goods so produced must be created by an industry - advertising - devoted entirely to cultivating artificial needs.

Secondly, we must replace the consumer-oriented values which have become such an important part of contemporary society with ones which do not equate happiness with the production of greater quantities of material goods. We must recognize that economic growth is not necessarily a desirable objective even if we have the resources to achieve it. Of course, this is a proposition which is difficult to accept in a society where more is equated with better and where economic growth is seen as the cure for all our ills.

Indeed, it is conceivable that under the influence of competitive market forces and the pressures of a consumer society, even where workers did control production they might be persuaded to maximize output at the expense of their other needs. Critics of the Yugoslav system have suggested that this has happened in some factories there as pressure for success in the market place has resulted in the subordination of other objectives, including, in some instances, the very participation of workers in decision-

making which the system is designed to promote.⁴⁹ Yet the twin fetishes of efficiency, as measured in the ratio of inputs to outputs, and growth, as measured by the increase in G.N.P., must be seen for what they are: substitutes for the much more difficult task of deciding what kind of an industrial framework will satisfy our human needs. Under the influence of the cult of efficiency and growth, all other conflicting values are conveniently swept aside. We do not need to ask whether more cars, aeroplanes, motorways and consumer goods are likely to improve our lives: the answer is assumed to be self-evident. Moreover, the belief that all our problems will be solved if we can only achieve a 3 or 5 per cent rate of growth has the unfortunate effect of stifling arguments about the relative merits of different social priorities. It is mistakenly assumed that growth will provide everything for everyone. But this belief is refuted by innumerable examples of the wasteful and destructive impact of what is mistakenly referred to as progress.

The fallacy of elevating production above all other values is demonstrated clearly in the manufacture of automobiles. The assembly line, widely heralded by proponents of technological progress as a miracle of modern industry, has effectively destroyed all vestiges of craftsmanship in the workers whose lives are chained to its unrelenting rhythm. The human costs of such methods of production are enormous, as we noted in our discussion of the research of Arthur Kornhauser and other industrial psychologists.

Yet what has this sacrifice of human potential at the workplace

49. Of course, in a country where the per capita income is still much lower than in Great Britain, preoccupation with economic development is understandable because so many of the basic economic needs of people remain unfulfilled. Nevertheless, it is to be hoped that, once Yugoslavia reaches a level of economic performance comparable to her Western neighbours, workers will turn their attention to other, non-economic matters associated with the quality of their working lives.

accomplished? Production of ever greater numbers of motor cars threatens the very lives of our cities. Parks, historic buildings, recreational facilities and innumerable other features of the urban landscape, including, in some cases, entire communities are bulldozed under to provide more and wider roads for the rising number of motor vehicles. In London, to give a simple illustration, the high streets of many town centres have been turned into virtual motorways, unsafe for pedestrians, stinking with the fumes of lorries and automobiles and utterly lacking in peace and quiet. And to what purpose? Simply to enable suburban commuters, unwilling to use the public transport system, to drive their own cars to work, because it is assumed that if we can afford more cars we must have them.

Until recently, the Department of the Environment was predicting a doubling of the number of cars by the year 2000 and scheduling a road building programme accordingly. Yet as the economist, E.J. Mishan, argues, it is by no means clear that the fulfilment of such a prediction would enhance social welfare.⁵⁰ If London were able to achieve the same level of 'development' as Los Angeles, where almost half the surface area of the city is devoted to roads and other facilities for cars, would this be a desirable objective to pursue? Obviously not. However, there is little indication that the Government is willing to limit the number of automobiles produced and sold, despite their questionable social value, for to do so would reduce the G.N.P. and challenge the basic assumption of post-war economic policy that growth, in whatever form, is beneficial.

The automobile is by no means the only example of production which is either positively harmful or of marginal social utility. The manufacture of consumer goods for which a market must be created by the advertising industry illustrates clearly the foolishness of the quest to maximize

50. E.J. Mishan, The Costs of Economic Growth (Harmondsworth, 1969) (orig. pub. 1967).

output. Ironically, however, the fact that such goods fulfil artificial needs does not mean that there is any less pressure to maximize their production or that industry is contemplating revising its priorities. Quite the contrary, increasing expenditures are allocated to developing the new markets which are necessary to absorb these goods. And this, in turn, calls for new methods of production designed to extract even more work from employees.

Thus the obsession with production is doubly pernicious. On the one hand, it leads us to pursue economic growth even when such growth is likely to reduce social welfare. And on the other, it imposes constraints on the organization of industry which preclude the satisfaction of worker needs on the job. Yet it need not be so. We do have choice in the matter. We can decide to eschew further economic development and focus our energies on how to transform industry into the kind of place Tawney argued it could be. Indeed, if a society can afford coloured televisions, automobiles fitted with stereo and the innumerable other gadgets we are told are essential to our lives, then it can afford to provide work that is fit for human beings to perform.

For example, there is considerable scope for the technical reorganization of production if we are willing to forego additional output in order to satisfy the needs of workers. Experiments initiated by proponents of job enrichment, such as the General Foods plant at Topeka, Kansas, illustrate, however inadequately, some of the possibilities for reorganizing production. Yet these experiments have always been subject to the constraints of efficiency and profitability, as well as the determination of top management to maintain control over the behaviour of workers. Removal of these constraints would facilitate a much more radical reorganization of the lay-out of plant and equipment than anything so far attempted by those advocating job enrichment. Indeed, once the objective

of providing fulfilling jobs was firmly established, research and development could be re-directed to finding technologies and methods of work which enhanced the role of ordinary workers in production. Consideration of the workers' needs would be taken into account in the design of equipment and not considered as an afterthought.

Similarly, the social side of work could be made far more satisfying once it was accepted that fellowship and co-operation at the workplace were legitimate objectives. A major factor in improving the social satisfactions derived from work is removal of the traditional hierarchical chain of command designed to facilitate control by those at the top. Election of foremen and supervisors, as takes place in Yugoslavia, can reduce many of the tensions which plague industry in the West. Moreover, by reorganizing industry on the basis of co-operation among equals, it becomes possible to develop a sense of common purpose uniting workers in the pursuit of mutually agreed objectives.

Obviously, the specific changes required will vary from industry to industry according to the particular problems of each. It is not our purpose to provide a detailed outline of what should be done in each instance. Rather, it is to stress the need to alter our objectives such that the needs of those who work are given the attention they deserve. It is to challenge the cult of efficiency growth because our obsession with the pursuit of these objectives has resulted in a distorted pattern of industrial organization which wrongly places production of material goods above the satisfaction of human needs. Indeed, we can do no better than to re-affirm Tawney's simple, yet eloquent statement that economic activity in a democratic society should be founded upon

...(t)he belief that the machinery of existence - property and material wealth and industrial organization and the whole fabric and mechanism of social institutions - is to be regarded as a means to an end, and that end is the growth towards perfection of individual human beings.⁵¹

51. R.H. Tawney, Equality, op. cit., p. 85. As cited by J.E.T. Eldridge, Sociology and Industrial Life (London, 1971) p. 208.

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