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PRODUCER CO-OPERATIVES IN MARKET SYSTEMS:
A CASE STUDY OF THE SCOTTISH DAILY NEWS
IN THE CONTEXT OF THE POLITICAL ECONOMY
OF THE PRESS.

3 Volumes

Volume I The Scottish Daily News Co-operative

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SUMMARY

This work is a study of power and control in industry, and focusses upon the possibility of radical democratic innovations in control. In particular the problems of producer co-operatives in market systems are examined.

Volume I presents a detailed analysis of the Scottish Daily News workers' Co-operative, and seeks to isolate the reasons for the abrupt failure of the enterprise.

Volume II examines the political economy of the press, and the difficulties to be encountered by any attempt to launch a non-commercial newspaper committed to radical politics.

Volume III presents a review of the historical development of producer co-operatives; case studies of the two other co-operatives launched with the assistance of Department of Industry funds in 1975, KME and Triumph Meriden; discusses contemporary co-operative theory; and considers the extent of current co-operative development.

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PREFACE

Research Aims

This research began as a study of power and control in industry. I was particularly interested in the possibility of radical democratic innovations in control. At the time, in early 1974, it seemed quite likely that the growing academic and political interest in industrial democracy might be soon translated into practical efforts in this country. Sooner than I had anticipated, the opportunity arose to examine a spontaneous attempt at workers' control when the Fisher Bendix (IPD) factory at Kirkby, Liverpool, was occupied in resistance to closure. I had been brought up in Kirkby and had many friends and relatives working at the plant who were keen to assist in a detailed study of the work-in during July 1974.¹

Negotiations at the Department of Industry between the Secretary of State, Tony Benn and the senior stewards of IPD, led to the creation of a workers' co-operative, Kirkby Manufacturing and Engineering. Although full of idealism and curiosity about the concept of a co-operative, many of the workers and stewards harboured serious misgivings about the problems they would encounter in the attempt to make the co-operative successful in both commercial and democratic terms. I shared their apprehensions, and felt it important that the development of the co-operative should be closely examined.

It then seemed logical to extend the study to the two other co-operatives that workers were attempting to launch at this time

¹Sit-In at Fisher Bendix, IWC Pamphlet 42, Nottingham, 1974.

with assistance from Benn's Department of Industry: Triumph Meriden Motorcycle Co-operative, and the Scottish Daily News. A comparative study would reveal more about the difficulties involved in establishing workers' co-operatives, and in their organization and functioning.² Upon arrival at the Scottish Daily News in June 1975, and later at Triumph Meriden in March 1976, I was fascinated to find that although these two co-operatives were operating in different industries to KME, in different parts of the country with different labour traditions, that they shared many similar experiences, and were immersed in very similar problems.

The workers at these three co-operatives were bravely embarking on a hazardous venture, somewhat clinically termed by the Department of Industry " a social experiment". Almost everyone was prepared to wish them well; they enjoyed a great deal of public sympathy, particularly in the communities in which they were situated; and were the subject of intense scrutiny from both academics and the media. However they could count on very little practical assistance, either from industry or financial institutions (who regarded them as little more than renegade outfits); from the Department of Industry after Benn's departure in June 1975; or from the wider labour movement from which they became increasingly isolated.

Considering that the £10 million paid to the co-operatives was only a tiny fraction of the assistance paid by government to private industry each year, Benn has commented on the surprising force of the opposition this aroused:

² "A Comparative Study of Three Major Workers' Co-operatives", SSRC Final Report, September 1978.

"Men at Meriden or the Scottish Daily News or Kirkby were transformed not by anything that was done by government, but by their readiness to take responsibility. There was the most bitter official hostility to what they were trying to do. I have never in the whole of my political life known the establishment devote so much time and effort to trying to frustrate an industrial initiative as they did with the co-operatives. At first I couldn't understand it. The reasons given were so unconvincing. They said this could 'damage the interests of co-operation'. 'Wouldn't it be better to get co-operatives going where they could be successful?' Those who said this didn't believe in co-operation anywhere, successful or unsuccessful. Then they said this would be unfair to the people concerned as they were bound to fail. But the real reason was that if you open up an escape from the mechanisms of market discipline which gives the owners the ultimate power to sack, you have undermined the whole basis of capitalist discipline."³

Leaving aside for the moment whether the co-operatives were "an escape from the ordinary mechanisms of market discipline", (and it is a central theme of this study that they were not), Benn's comment does reveal the deep reluctance among those in power in industry and government to contemplate any reform that apparently challenges conventional hierarchies and practices, and helps explain the precariousness of the co-operatives' existences.

It quickly became clear to me that although the focus of my study might be the organisation and functioning of the co-operatives, with a particular interest in any innovations in industrial relations, that any explanation would be inadequate without a parallel investigation of the commercial problems confronted by the co-operatives, and the impact of the market environment in which the co-operatives were situated. The Scottish Daily News was the first co-operative to fail in November 1975 (though hope of a relaunch survived until November 1976). Since I had gathered a considerable amount of material on

³ Arguments for Socialism, London, Penguin, 1980, p159.

the SDN , I began writing up this case study first. The depth of analysis I felt appropriate to explain the SDN experience (and necessary for a PhD thesis) transformed what was intended to be a lengthy chapter into a lengthy volume. Unofficially I had assumed the brief assigned by Robert Maxwell:

"It would be the first job of the editorial department to appoint an historian to record the struggle and the success of establishing a workers' co-operative for posterity and to assist other groups of workers attempting to achieve a similar goal." (SDN Mass Meeting Minutes, 16 January 1975)

Having completed the SDN study early in 1980 I felt that although it was a detailed and rigorous analysis of why the SDN failed, it did not explain sufficiently the difficulties that would be encountered by any co-operative newspaper in the competitive market. Therefore it seemed helpful to provide a brief critique of the concentration, contraction, and centralisation of the newspaper industry, together with a consideration of industrial relations and the implications of new technology, to provide a more general appreciation of the possibilities for alternative newspaper co-operatives.

Again this political economy of the press proved more exhausting than anticipated due to the vast media literature that was relevant to the critique. To commence writing up studies of KME and Triumph Meriden in similar depth to the SDN, and to provide similar political economies of the development of the light engineering and motorcycle industries in the UK seemed more than a little daunting. Therefore I decided to return to my original conception of a comparative study of co-operative experience by relating more concise chapters on KME and Triumph Meriden to the theoretical debate concerning co-operatives and the problems of wider co-operative development.

The end result is that Volume I consists of a full analysis of the SDN; Volume II is a consideration of the context in which the SDN failed, the political economy of the press; finally Volume III presents a review of the historical development of co-operatives, contemporary co-operative theory, and the extent of current co-operative development.

Although the examiners will undoubtedly find this an unusually circuitous route to adopt, I hope that I can be forgiven the expansion and proliferation of my research interests, since I think that they have helped to provide a more sober appreciation of the possibilities for the radical reform of power and control in industry, and have resulted in an informed assessment of the problems of co-operative development.

Research Methods

In one sense the research methodology employed in the study of the three co-operatives was entirely conventional. In early visits to the co-operatives every available method was utilized to gather as much information as possible on the organization and functioning of the co-operatives, including observation; examination of documents; extensive semi-structured interviews; and collation and analysis of the considerable media coverage of the organizations. As many representatives of management, works councils, shop stewards, and shop floor workers were interviewed as was possible during my stays which ranged from two weeks to a few days, during the period 1974-1979. I made repeated visits to each co-operative, but was also

able to remain in touch by telephone. In later visits substantive and procedural problems were studied as they emerged over such issues as control, wages, conditions and disputes. At this stage more intensive interviews proved helpful, particularly with key informants.

In Volume II the consideration of the political economy of the press is based largely on secondary sources, supplemented by attention to the editorial of the daily press. Finally the comparative analysis of co-operative development has been greatly assisted by the considerable growth of interest in the area and the publications of such bodies as ICOM, IWC, CDA, and the Co-operative Party. A series of international conferences proved an invaluable source of information on the latest developments in international experience of co-operatives, and co-operative theory.

In another sense the methodology employed has been highly unconventional. The enterprises studied were organizations in crisis. From their formation they were highly vulnerable to imminent collapse, divided, torn by conflict, and frequently subject to ill-informed criticism. The leaders of the co-operatives therefore were extremely sensitive to information being released about the commercial difficulties encountered or internal disputes which occurred. They preferred the constant stream of academics, TV interviewers, and journalists to leave with the well rehearsed rhetoric of co-operative idealism which they themselves and carefully selected workers would issue.

Though I avoided this trap, I was faced with a series of moral dilemmas which the text books on research methodology had scarcely

prepared me for. Firstly in a general sense there was the problem of involvement and detachment. When studying workers who were struggling to maintain their livelihoods and towards ideals, which, however incoherent, were firmly held, how could I remain detached? Not being a co-operative advocate I approached the study with a critical scepticism, but found that to retain some integrity I had to view the problems of the co-operatives as the workers themselves viewed them, and therefore, to a limited extent at least, to become involved in their struggle. To remain detached would have been irresponsible, and in the worst instance parasitic. (Those academics who managed this approach when studying the co-operatives filled me with shame for my profession). On the occasions I retreated back into a distant academic scepticism, I found this a more comfortable, but morally indefensible position. Fortunately, Paul Blumberg, whose book Industrial Democracy (Constable, 1968) first aroused my interest in the subject has defended the position of moral involvement thus:

"When a man becomes a sociologist, he too often subtracts the moral component from himself and, as sociologist, he then becomes something less than he was. Preferably, when a man becomes a sociologist, he should not subtract from himself, but supplement what he is with scientific methods of enquiry, which are not as incompatible with the frank and honest expression of widely held values of democracy, freedom, equality and community, as is customarily believed". (pvii)

But the dilemmas did not end there. Secondly there were the unintended consequences of social action. If the most obvious problem at each co-operative was acute commercial insecurity due to serious underfunding, the most serious organizational failure was the lack of democratic participation. Together these problems reinforced each other. Any attempt on my part, or by other academics, to publicise the democratic shortcomings of the co-operatives

would have led to the Department of Industry civil servants using this information to adopt an even more unhelpful approach to the co-operatives, and would have damaged the interests of the people I wished to help.

Thirdly within the co-operatives there were hostile camps. Though in my initial visits I attempted to speak to representatives of all interests it was difficult not to become identified with one faction or another. The conduct of the research therefore required a degree of subversiveness I had not anticipated in academic work. If one group of people knew I was in close touch with another, I would not have received the degree of co-operation and information that was necessary for a full account to be given. The intricacies of action research are more complex than might at first be imagined.⁴

The commitments which emerged in the course of the research are clearly indicated in the analysis presented. "Where the attempt of men consciously to control their own destinies clashes with social arrangements rooted in ignorance or manipulation, I cannot profess neutrality".⁵ However I realise that the commitment to democratic ideals is not served by neglect of the laws of scientific evidence and inquiry.

Furthermore I hope that I can be forgiven the polemic on the political economy of the press in Volume II, firstly because the British national press has escaped any attempt at reform throughout

⁴ J.E.T. Eldridge and A.D. Crombie, A Sociology of Organizations, London, George Allen and Unwin, 1974, pp 197-204.

⁵ R.Hyman, Strikes, London, Fontana, 1977, p8.

the 20th century due to the force of the legitimacy myths it propagates; and secondly because established academics seem happy to commence their studies in full acceptance of the existing press:

"To enable the reader to judge my own preconceptions, they are the hardly unconventional ones that the British national newspapers are amongst the best in the world, that in order to maintain their position politically, culturally and economically, major changes in their methods of production will be required in the near future..."⁶

Finally, if again I clearly have a position to defend, I hope that in the third volume I have presented the many-sided debate presently taking place on the direction of co-operative development as accurately as possible.

⁶R.Martin, New Technology and Industrial Relations in Fleet Street, Oxford, Clarendon Press, 1981, pvi.

CHAPTER ONE

INTRODUCTION

In the post-war period the national newspaper industry has experienced a steady decline, punctuated by frequent crises and the collapse of major titles. There has been only one large-scale idealistic attempt to break out of this cycle of decline and launch an alternative newspaper. At the Scottish Daily News three significant ideals coalesced in a dramatic fusion: the struggle to resist a newspaper closure and mass redundancy; the struggle for workers control of industry; and the struggle to create a democratic press responsive to the readership it served. After over a year of determined effort to gather the necessary resources, and with a minimum of government assistance, the printers and journalists of the Scottish Daily News bravely attempted to pioneer a new concept for the national press: a workers' newspaper. They were made immediately aware of the enormous obstacles that any large circulation newspaper published by workers for workers must overcome.

Some might simply say that this was a hopeless attempt to reverse the historical development of the media: that with the invention of new electronic information technology, inevitably newspapers as a primary means of communication are nearing obsolescence. This is an age when the atmosphere is dense with telecommunications; the next consumer durable capitalism has to offer for every home is the video-tape machine; the arrival of breakfast television means almost a 24 hour television news service, and the prospect of every household being linked to three central computer data banks in the Ceefax, Oracle, and Prestel systems is not remote. Yet even with all these advanced technological accoutrements available, it could be

argued that printing technology developed by Caxton in the late 15th century, and the popular newspaper created in the late 18th century, will still survive as integral and vital parts of our political culture.

Sixteen million daily newspapers are circulated in Britain, twenty-three million if evening newspaper are included, most are read by several people, almost the whole population see a newspaper each day, a much higher proportion than regularly read books. (Royal Commission on the Press, (RCP), 1977, p270) (In contrast in the first months of operation the BBC TV breakfast news programme averaged 1.5 million viewers, and the TV AM viewers remained as low as 300,000. The newspaper remains a remarkably cheap, efficient and extremely accessible means of conveying information. For example a newspaper can be read, considered, and re-read by people on the factory floor or in the office, as well as at home or in the pub. The information and ideas put forward in newspaper articles can be readily and precisely quoted, debated, accepted or rejected by readers. In contrast the 'higher' forms of information technology, such as television and radio remain relatively expensive and inaccessible.

In one sense all television and radio news is subliminal, in that it is difficult for the viewer or listener to capture the text for further consideration and analysis. Therefore TV and radio news tends to be one-directional, encouraging the passive receipt of information as if it were a communication of 'reality'. Newspaper editorial is, at least briefly, retained by readers, and whatever the reverence for the printed word is frequently subjected to a conscious process of questioning and rejection, so that fortunately the profound editorial biases of the press are well known. But the television authorities capacity to authoritatively define the news endured relatively unscathed until the recent studies by the Glasgow University Media Group and similar research bodies revealed the extent of systematic distortion. (GUMG, 1976; 1980). It took them

years of hard work, employing multiple video tape machines, to reveal instances of TV bias, which any worker on the shop floor, pulling out a copy of the Daily Express or Sun from his or her back pocket, could show in a few minutes in their newspaper's editorial! The newspaper is more susceptible to criticism and awareness of bias, and the written word still does have an essential part to play in political education.

If newspapers are still central to the process of communicating information - the currency of democracy, and if they have not been completely superceded by more technologically sophisticated means of communication, then the question has to be asked - why have they experienced such a protracted decline? (The aggregate circulation of the national press fell by 10.8% between 1961 - 1975). (RCP 1976b,p5). The national newspaper industry is enduring a secular decline, losing circulation and advertising revenue not only to commercial TV and Radio, but also to the profusion of specialist magazines and weeklies. However it is in newspaper proprietors interests to conceal the true scale and the causes of this decline. Newspaper closure is often part of corporate restructuring in order to enhance profitability, when company executives deliberately use inflated arguments of 'decline' to force through extensive redundancies, even when sales are steady and profits being earned. Corporate reorganisation is often induced by the desire to introduce new technology or pursue market segmentation strategies rather than simply to combat circulation losses. Usually the performance of the national newspaper industry is judged by its well publicised most vulnerable sectors, rather than the titles which continue to earn substantial profits.

It could be contended that the decline in popularity of the press is primarily evidence not of a growing irrelevance of the press, nor simply the effect of increasing competition from other media, but rather is indicative of major inadequacies in the present structure and content of

the press. The most critical weakness of the contemporary press is the systematic failure to represent the ideas and interests of the working class and the organised labour movement. This chronic bias is now so clearly apparent that the Royal Commission on the Press in its Final Report published in 1977, amid studied complacency and atavistic genuflections to free market values, approvingly quoted Sir Dennis Hamilton, then Chairman of Times Newspapers, who said in 1976 that "there is a gap at the point where there ought to be serious coverage of the news from a left wing standpoint". (RCP, 1977 p2). The Royal Commission therefore supported the suggestion that the TUC should organise and fund a labour newspaper to the left of the Daily Mirror and to the right of the Morning Star.

The problem, to which the Royal Commission remained carefully oblivious, is not a 'gap in the market' which can be conveniently filled: in fact the free market has destroyed the independence and diversity of the whole of the press. There is a systematic, structural, weakness in the character of the contemporary British press. There is a great divide, which is becoming wider, between the intellectual excellence of some of the quality newspapers that cater for the middle class at one pole, and the shallow vacuity and social irresponsibility of some popular newspapers at the other pole. Popular newspapers are degenerating into entertainment sheets that deny their working class readers the fundamental democratic right to a newspaper that views the world from their position, a situation that Basnett and Goodman in a Minority Report to the Royal Commission recognised amounted to the political and cultural disenfranchisement of the great mass of popular newspaper readers. As Tony Benn in a recent broadside aimed at the press has maintained:

"For the vast majority of adults in Britain their newspaper is the only written account of what is happening in the world that they are likely to see.

These people have been betrayed by the insistence of the popular press on remorselessly trivialising and personalising all the great and complex issues of our day to a level when they almost defy comprehension....

All national newspapers and most local papers are controlled by men who seem uniquely unsuitable to comment upon or comprehend the events which shape the lives of ordinary people". (1982, pp115, 117)

How this betrayal originated has been illuminated by the excellent historical research of James Curran. (1977; 1981).

In the early decades of the 19th century a radical working class press flourished, with a circulation of 200,000 and a readership of about four million. In the words of Feargus O'Connor, the editor of the Northern Star, the radical press was "the link which binds the industrious classes together". (16 January 1841). The radical press evaded stamp tax, was sustained by a high retail price, and without a dependence on advertising revenue was free to attack the system of industrial capitalism. But in the second half of the century with the abolition of stamp duty, the radical press came into competition with the cheap mass newspapers which received substantial revenue from commercial advertising denied to the radical press. Previously the low launch costs of newspapers, and the limited capital costs of printing machinery, made it possible for working class groups to own and control newspapers. With the development of linotype composing and mechanised printing presses, there was a serious rise in fixed capital costs. Economies of scale benefitted the major publishers and printing companies, as production and newsprint costs

increased. Pagination increased also, along with editorial, publicity, and distribution charges. The rise in costs necessitated a rise in circulation levels, and the break-even point was raised further as newspaper prices were successively reduced.

Newspapers came to cost a lot more to produce than the price at which they were sold, therefore increased circulation meant losses unless there was increased advertising, which came to contribute more than half total revenue. This competitive process involved ownership and control of the national press slipping solely into the hands of the capitalist class. The radical press was effectively eliminated or absorbed, and all of the new generation of commercial national newspapers commencing with Northcliffe's Daily Mail in 1896, were on the right or extreme right of the political spectrum. Not only did wealthy proprietors now dominate the press, but advertisers assumed a role which Curran defines as that of a de facto licencing authority: no mass circulation newspaper could survive for any length of time without the active approval of the advertisers. (1977). The founding by the labour movement of the Daily Herald and the Daily Citizen was part of a determined attempt to resist the proprietorial and advertiser domination of the press, though ultimately the commercial failure of the labour papers only confirmed this trend. Newspapers produced by the press lords aimed at the working class market attempted to impose the alien ideas and values of the employers, to undermine and fragment working class consciousness and culture, and even to suppress the right to question. As Lord Beaverbrook demanded in a glowing manifesto in support of Ramsay MacDonald's desertion of the Labour Party in favour of a National Government: "I ask you to give... your confidence to Mr. Ramsay MacDonald and his colleagues... Ask no questions... Seek no pledges... Trust in

Mr. MacDonald's leadership. Rely on Mr. Neville Chamberlain..."

(Daily Express, 28 September 1931). This was the typical stamp of Beaverbrook upon the Express, his flagship, which was emulated by the other baronial proprietors:

"A paper for which the word 'freedom' was the soberest of all its expressed values constantly trespassed on its readers' freedom to know, to judge and to act. Instead of the 'free use of ideas' in Mathew Arnold's phrase, it took a politician's decision that the readers' votes were all that mattered, not their understanding. It did not suppose its readers competent to judge the issue but supplied their opinions for them". (A. Smith, 1975, p60).

The concentration of the press into the hands of fewer individuals and companies accelerated in the middle decades of the 20th century until Britain had the most centralised national press in the world, written, printed and published in the immediate vicinity of Fleet Street. As control of the press became more remote, rival newspapers were closed, and the surviving papers became more powerful in determining the flow of information to the reading public. Furthermore the influence of advertising revenue was critical to the uneven development of the national press. As advertising revenue expanded to contribute half of total newspaper revenue, there was a constant pressure upon newspapers to provide the kind of editorial which fitted the requirements of the advertisers. Advertisers discriminated in favour of quality papers read by a small but very affluent readership, and insisted upon mass circulations for the popular newspapers, the pursuit of which imposed a homogenous superficiality upon editorial content. The most recent

development in the ownership structure of newspapers, in direct contradiction to the celebrated 'independence' of the press, is the diversification of newspaper companies into other profitable industries, including oil, property, and banking. Alternatively major national newspapers have been acquired by multi-national conglomerates, which thereby have secured important ideological subsidiaries to their vast economic power. The newspaper industry therefore has followed the classical tendencies of capitalism towards concentration, centralisation and contraction. But newspapers are not like other commodities such as motor cars or soap powder, they are vital sources of information, and the threat posed by a monopoly of supply is infinitely more dangerous:

"The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it". (Marx and Engels, 1970, p64).

Throughout this process of monopolisation, newspaper proprietors have continued successfully to purvey the quaint notion that "press freedom" depended upon the press remaining their private property. Karl Marx, who was an active journalist for most of his life, appreciated the absurdity of this view. As an editor of radical newspapers he had fought against proprietorial interference, and ferociously resisted the state censorship to which the establishment press easily accommodated. (McLellan, 1973). Acknowledged as one of the most highly regarded foreign correspondents of the New York Daily Tribune, he experienced the indignity of being sacked because the proprietor did not like his views. (Murdock, 1982, p131).

Marx insisted:

"... With the lack of freedom of the press, all other freedoms become illusory. Every form of freedom conditions the others, just as every bodily member affects every other. Every time one form of freedom is rejected, it is freedom that is rejected ... but, to put freedom of the press in a class under freedom of business is to defend it while killing it in the course of the defence..." (Marx, Debates on Freedom of the Press, 1842, quoted in Draper, 1977, pp38, 42).

Many modern proprietors might claim they would never dream of exerting their ownership rights to impose editorial control. In no industry does the thesis of the separation of ownership and control carry as little conviction as in the newspaper industry:

"The national press, as one of the oldest media sectors is still largely dominated by companies controlled by the descendants of the original founding families and their associates. In fact, five out of the top seven concerns are of this type (they are: Associated Newspapers, The Daily Telegraph Limited, The Thomson Organisation, News International, and S. Pearson and Son)... The resilience of individual ownership fits easily into the long-standing debate about the nature and scope of proprietorial intervention in media production, while the

intermeshing of communications companies and general capital re-emphasises the question of how far media corporations operate in the interests of the capitalist class as a whole". (Murdock, 1982, pp136, 137).

There are two strands to this argument. Firstly, despite any public relations efforts to the contrary, newspapers are an example of an industry in which traditional family proprietorship has survived with a vengeance. It must be difficult for those who feel that there is a residue of truth in the idea of the managerial revolution, to imagine companies in which titled lords still hold an almost feudal sway. Such personal fiefdoms can exist long after the family shareholding has been repeatedly diluted in the search for injections of fresh cash: effective ownership depends not simply on the absolute size of the shareholding but on the relative dispersal of other voting shares. (Murdock, 1982, p133). "One of the keys to an understanding of Fleet Street is to recognise that it still acts as if newspapers were the personal property of press lords". (Cleverley, 1976, p71). As long suffering editors and executives know, in many cases proprietorial intervention is persistent and pervasive, and often proves highly damaging in both editorial and commercial terms. Secondly, newspaper editors and executive management are constrained further by the wider commercial interests of the company they are part of, and ultimately are confined by the interests of private property and the free market upon which the newspaper industry is based.

Examples of deliberate censorship or vindictive editorial sackings are infrequent (although bloody episodes have occurred). Control is exercised more through selection and recruitment, promotions and perks,

through tacit understandings, and through the well-trodden parameters of what is the acceptable way to approach a story which has become confused with 'professionalism'. The effectiveness of the pressures that are brought to bear in newspapers mean that efforts at editorial resistance and independence are less frequent and less successful than in other media. The result is that the working class has been deprived of voices in the national press that identify with the interests and express the views of working people. The editorial coverage presented by capitalist newspapers directed at the popular market present a distorted and manipulative conception of working class ideas and values. The only resonance the commercial press finds in the working class is due to the alien and divisive influence itself, and the mode of production it represents, has implanted and daily restores.

It is not altogether a paradox that the press which projects anti-unionism so fiercely, is the most tightly organised industry in the country in strictly economic trade union terms. The print unions often seem too buried in wage and manning bargaining to be concerned with what is actually said in the newspapers they produce. Newspaper management will make almost any financial concession to prevent the intrusion of shop floor trade unionists in the editorial decision making process. This neglect by the print and media unions prompted the following outburst from Benn at the Labour Party Conference in 1972:

"I sometimes wish the trade unionists who work in the mass media, those who are writers, and broadcasters, and secretaries, and printers, and the lift operators of Thompson House, would remember that they too are members of our working class movement and have a responsibility to see that what is said about us is true"...

The incensed reaction of the media to this speech indicated that proprietors and editors would continue to jealously guard their monopoly of editorial control against any incursion.

A far more serious threat to the maintenance of the domination of the capitalist press arrived with the unprecedented economic and political crisis that overwhelmed the newspaper industry in the mid 1970's that has left large parts of it permanently vulnerable. Greatly increased costs of newsprint and other materials together with increased labour costs combined with a serious reduction in advertising revenue to heavily erode the profitability of the national press. Some national newspapers have made substantial losses, and have only survived because of profitable sister papers or cross-subsidisation by conglomerate parent companies from their other concerns. In this context the detached, but often intense, hostility that has typified the relations between management and unions in the newspaper industry has assumed a new significance. Faced with the prospect of mounting losses the proprietors of national newspapers decided that they could no longer accept the recurring unofficial action by print union chapels that punctuates industrial relations in the industry. The conventional solutions to industrial conflict such as joint consultation and the reform of the institutions of collective bargaining failed to even get off the ground in Fleet Street. However, the new technology of computer typesetting offered a classical technical solution to the political and economic problems of the employers.

The introduction of the new technology with the accompanying mass redundancies management desired would both restore the profitability of the national press and considerably weaken trade union organisation, as Rex Winsbury suggested, with computer technology, "A bonus in the eyes of

many... managements, is that... they will be rid of the constraints of the printing craft unions, which will have vanished along with the technology that created and defined them". (1975, pl9). The existing hot metal technology is complicated and labour intensive, in contrast the new technology involves "word-processing, type-setting and plate-making processes which centre on the use of the computer to do the main time consuming jobs of storage and arrangement of text and advertisements, ready for high-speed photographic creation of the actual columns of text for the newspaper". (Winsbury, 1976, pl0). The journalists' craft also would not be spared: computer type-setting, facsimile transmission, and computer-to-computer linkups with the facility for direct input of agency copy bypassing both editorial and production could dispense with need for anything more than a skeleton editorial staff in most newspapers. (NUJ, 1980). The introduction of new technology finally would provide a catalyst to examine and restructure the finances, management, editorial and industrial relations of newspapers.

Print workers are aware of the implications of the new printing technology and revealed the full extent of their determination to resist the introduction of these methods, except on their own terms, in the protracted struggle at Times Newspapers. "In Fleet Street terms, Times management was asking for the moon, in seven months: the introduction of new technology, new manning levels, wage restructuring, the abolition of restrictions on production, the ending of unofficial action, and the negotiation of a new disputes procedure constituted a programme no print union could accept". (Martin, 1981, pp279-80). The suspension of The Times and the Sunday Times for 12 months in 1978/1979, the failure of the Times management to impose direct input with computer, and the continuing failure of other Fleet Street newspaper managements to utilise fully the new technology to restore their companies' finances, highlights the fact that

the national press now stands at a watershed of profound importance. Either the new technology can be used to impose a more remote, highly profitable, and irresponsible press under the exclusive control of corporate executives, or the political crisis provoked by the new technology can help to stimulate the democratic social change of the ownership and control of the press.

Management consultants clearly see the solution to the survival of the national press in terms of capital reasserting firm control over an industry which can no longer afford the recklessness of the past, with a regime of strict financial stringency, the subjection of editorial principles to marketing requirements, and the recapture and rationalisation of production processes with automated technology. This would create the conditions for a more highly centralised and remote press, in which there would be little opportunity for labour to take effective industrial action. The revitalised profitability of automated newspapers would compound their lack of responsiveness to working class readers. New technology on these terms would mean the perpetuation and intensification of the passive receipt of centrally generated material - a form of technocratic barbarism.

An alternative possibility is that as the capitalist press collapses through the enormity of its own contradictions, it may be replaced by a radically different socialised press. The success of this attempt will depend upon the degree of commitment of journalists and print workers to achieving change. Journalists have always resented proprietorial interference in editorial construction, though they have often learned to live with it in return for material rewards; now there are signs that journalists are beginning to recognise once again the importance of fundamental change in the press if editorial freedom is to mean something more than proprietorial rhetoric. Conflict has repeatedly erupted between journalists and proprietors over the closed shop, which remains a potentially

explosive issue. In Nottingham 28 journalists were sacked by the Evening Post when they joined the NUJ provincial press strike in December 1978, and in retaliation launched the weekly Nottingham News workers co-operative which survived for more than three years with the help of NUJ funds. (Prospectus, 1979). During the Times dispute a group of journalists commissioned a co-operative feasibility study as a possible way out of the impasse. (JOL, 1979). A dispute at Time Out in 1981, caused by an attempt by the owner to break a long-standing agreement that all staff should receive equal pay, involved a lengthy occupation of the offices, and then led to the successful launch by forty of the sacked journalists and print workers of City Limits with a circulation of 60,000 as a punchy rival London weekly listings magazine. (Guardian, 20 August, 1981).

Print workers in the past have expressed their hostility towards employers almost purely by militant sectional action to further improve pay and maintain employment; however, the fact massive technological change cannot be held off indefinitely has focused print workers minds on what kind of press they would like to see emerge, and what their role in it would be. Already print workers have joined journalists in the demand for a right of reply launched by the Campaign for Press Freedom, so that those who feel they have been the victims of press distortion may be allowed an equal space to present their case. (CPF, Bulletin, 1981/82). Political re-awakening has been accompanied by growing calls for public intervention in the press from the NUJ and print unions.

At this point in the argument, the quest for democratic control of the press always collides with a paralysing fear, which the capitalist press consciously nurtures at every opportunity: that any attempt at public intervention in the press will inevitably lead to a state controlled press. "It is one of the paradoxes of the issue of press reform that any government action to introduce genuine freedom of the press is seen by some as a

threat to the so-called freedom that currently exists". (Labour Party, 1974, p24). It is not helpful to casually dismiss this fear or to underestimate what the remaining independence and critical facility of the capitalist press, constrained and enfeebled as it is, does represent. Raymond Williams has conceived the dangers involved:

"Neither the growth of a public bureaucracy, as in the Fabian model, nor the achievement of a workers' state, as in most Marxist models as hitherto defined, diminishes in any degree the historical challenge of a free press. The problems of its attainment, in radically altered social conditions, can not be left to verbal solutions, in which public representatives masquerade as the public interest, or in which the party equals the truth". (1978, p18).

Indeed state intervention in the press has largely proved repressive in practice:

"There are few countries in which both printing and the press have not at some time been kept under strict scrutiny or control by government. The list of printers and journalists killed or imprisoned for their belief in a 'free press' is seemingly endless. Indeed there are still many countries (in the developed East and West as well as in the Third World) where the industry is to greater or lesser extent overseen by government - print being a powerful weapon of religious or political dissent". (Marshall, 1983, p141).

The press cannot function properly as a tool of democracy if newspapers themselves do not practice democracy. If public intervention is to be encouraged, yet the dangers of state control of the press avoided, there

must be detailed exploration of alternative structures for democratic control of newspapers. To discover how to attain a diversified, decentralised and socialised press.

Among the central problems to be considered include what measures are necessary to overcome market controls of the press, particularly the economies of scale and advertising subsidies that sustain capitalist domination of the press? How to ensure opportunities for participation and control of print workers and journalists in newspapers, including access to editorial decision making? Equally, how to develop the access and contribution of readers to editorial construction in order to ensure that newspapers properly reflect their concerns? There are many ways in which these problems may be tackled, however the co-operative form is one of the more attractive and spontaneous alternatives, and whenever a newspaper encounters serious difficulties the possibility of conversion to a co-operative is usually suggested. The great restraining influence upon enthusiastic pursuit of the co-operative alternative, is the belief that however impressive in principle newspaper co-operatives may be, they are inherently both organisationally and commercially unsound. This lack of confidence is primarily due to a misunderstanding of the precise reasons for the failure of co-operative experiments, and a lack of awareness of the structures and resources necessary in order to allow newspaper co-operatives to succeed.

The Scottish Daily News remains the most important attempt to found a large-scale co-operative daily newspaper. Yet the Scottish Daily News was a disaster in almost every sense - editorially, commercially and politically. But the sacrifices, endeavours and idealism of the SDN workers will have been wasted if people interested in the reform of the media do not learn from the tragic experiences of this co-operative how to prevent

a similar recurrence in the future. The simplistic autopsies of orthodox analysis have concealed more than they have explained: "The real problem was that there were never enough people who loved them enough to buy the paper." (The Economist, 15 November 1975) Rather the SDN experience reveals in high relief the dilemmas of reformism: the limitations and ineffectiveness of state intervention; the unpreparedness of the trade union movement for radical social change; the powerful contradiction between market systems and democratic practices; the unsuitability of existing management, totally absorbed by ancient conceptions of property rights and hierarchical control to coordinate the operation of a democratic enterprise; the lingering intensity of the separation of intellectual and manual labour; and the incapacity of traditionally trained journalists and the aristocracy of print labour to forge a radical democratic newspaper.

When it assumed power in 1974 the Labour Government had a sophisticated analysis of the failings of the British press and a carefully thought out set of remedies in its possession. A Labour Party study group on the relationship of the people, the press and broadcasting, put forward a range of objectives to improve the diversity of the press; to remove monopoly control; to assist the launch of new publications; and to improve the accountability of newspapers to both their workers and the public. To counteract the economic forces making for concentration and contraction in the newspaper industry they proposed a differential newsprint subsidy to make it possible for small specialist newspapers to survive; a subsidy on initial launch and establishment costs; and finally, to eliminate advertising discrimination by a redistribution of advertising revenue on an equitable basis. They concluded:

"Economic pressures are gradually reducing the number of newspapers, and even more rapidly the number of

newspaper owners, and they are raising barriers against the entry of new publications into the market. Only a radical restructuring of the economics of the newspaper industry can reverse these trends, open up the market, and enable new publications to establish themselves on a viable basis once again." (Labour Party, 1974, pp 24-25)

These proposals were eagerly endorsed at the party conference in 1975, when it was demanded that:

"We must use the crisis in the newspaper industry as the opportunity for a radical reform, to reestablish the finances of newspapers on a sound public service basis, and to open up the market for new newspapers." Public money should not be used to "bail out the existing Tory news papers by helping divest them of men they hired and no longer want." (Labour Party, 1975, p331)

Within days of being elected in February 1974 the Wilson government was confronted by an ideal opportunity to test some of these ideas in practice with the closure of the Scottish Daily Express in Glasgow with 1,800 redundancies. It reacted to the Express workers plans to launch the Scottish Daily News with reluctance and prevarication bordering on downright hostility. The announcement by Wilson of yet another Royal Commission on the Press was seen as an attempt to shunt any likelihood of action into an obscure siding: the terms of reference of the inquiry were designed to appeal to both proprietors concerned with financial problems and labour practices, and party critics concerned about the diversity and editorial standards of the press. The selection of the

commissioners was carefully balanced to ensure that whatever proposals did emerge, they would be as conformist as possible. The national newspaper publishers nevertheless dismissed the commission as at worst dangerous and at best irrelevant, until under the combined impact of soaring newsprint costs and collapsing advertisement revenue they suddenly came to see the value of the commission's existence and asked for its help in dealing with "a crisis of unprecedented dimensions and dangers." The commission obliged by proposing a programme of major capital expenditure on new technology, with large scale redundancies, and a restructuring of debts. They insisted, "With the object of maintaining a healthy, independent and diverse industry", to deal with immediate problems, "drastic remedies are needed.. there is no prospect of improving revenue sufficiently. Productivity must be increased and costs reduced; this can be done on an adequate scale only by lowering manning levels and introducing new technology."

(RCP, 1976b, ppl, 9, 12)

The complacency and consistent implicit sympathy for the commercial priorities of the proprietors contained in the Commission's Final Report helped neutralise the movement for reform of the press. But this could not have been achieved if there had been any sustained effort on the part of the organized labour movement to seize the opportunity for a radical transformation of the most dangerously unaccountable institution in modern society. It is a great enigma in socialist politics that the determination of conservative forces to retain domination of the national press in the post war period was opposed by little more than a vapid intention on the left to achieve radical change, a situation that Raymond Williams has described as "the extraordinary indifference of the organized left."

"Every attempt to redress or even maintain some sort of political balance has been ignored or rejected by Labour Governments. It is a mark of the capitulation of the Labour leadership to the terms of a capitalist economy that the only significant effort it has ever been persuaded to make is in terms of the maintenance of capitalist employment, and even this has been negotiated, except by unions with special interests, in terms of an inevitable reorganization for corporate profitability. It is then difficult to overestimate the extent, in this area, of the social and political victory which has been gained by the organized Right in this country. That it is a victory for which both the Labour Party and the trade union movement are likely to pay very heavily is no comfort, even when they have most clearly brought it upon themselves."

(Williams, 1978, p22)

Workers in the newspaper industry have too often proved trapped by traditional conceptions and practices to lead the struggle for change in the industry. In particular the divisions between journalists and print workers, between head and hand, have persisted. The urgency of the need to fundamentally tackle the ownership and control structure of the press has been lost amid competing claims for job protection and wage improvements on existing newspapers. Journalists have remained too absorbed by the comfortable certainties of conventional editorial practices and convictions to think about new possibilities.

In exploring the potential for a socialised press the bitter lessons of the Scottish Daily News illuminates not only these problems, but direct attention to the question of whether any democratic enterprise can survive in a market system geared to production for profit and dominated by huge concentrations of power and wealth. Trained to operate in this environment of hierarchical and arbitrary control, it is doubtful whether conventional management could respond well to participative decision making even if they wanted to embrace it. Yet the message of hope that emerges from the gloom of the SDN disaster is that workers themselves do possess tremendous organizing abilities that can be released by the challenges posed by co-operatives. Though market controls and orthodox managerial practices present enormous obstacles to the success of co-operative ventures in the newspaper industry, the SDN saga does reveal important insights into what could be possible in a co-operative organization extracted from the hazards of the market and relieved of the burden of management hierarchies.

THE CLOSURE OF THE EXPRESS IN GLASGOWIntroduction

The sudden closure of Beaverbrook's newspaper office at Albion Street in Glasgow in March 1974, was met by a protracted struggle on the part of the Beaverbrook workers to resist redundancy and establish a rival newspaper. The Scottish Daily News was published from 5 May 1975 to November 7 1975, and during its brief six month life and 168 editions it staggered desperately from crisis to crisis. It was Britain's first worker-controlled mass circulation newspaper, and its co-operative structure was regarded as having important implications for the doubtful future of the national newspaper industry in Fleet Street. Tony Benn, the minister responsible for providing government assistance to the enterprise, declared on the eve of the first edition:

"I think there's all the difference between having the policy of the paper determined by the people who work on it and having it determined by the people who own it. For journalists, for printers, and for all newspaper workers industrial democracy is the chance they've been waiting for. I think what happens in the Daily News this May will spread quite rapidly throughout Fleet Street this year, and in the years to come."

(Granada T.V, World in Action, 5 May, 1975).

However, despite the bravura and optimism of Benn, for the workers involved the Scottish Daily News was born, primarily, not out of idealism, but out of despair, and was regarded by many of the active

participants as a political protest against unemployment; for example Allister Mackie, the ex-chairman of the co-operative maintained,

"The entire history of the Scottish Daily News is founded on the determination of a group of trade union activists to fight against unemployment. Any other consideration was incidental Some of the members of the Action Committee saw in the proposal a vehicle of protest against a society that found nothing obscene in unemployment; they were the more politically conscious members and motivated perhaps by more fundamental principles. They assessed, with good reason, that the successful outcome of the proposals was so remote that it appeared almost an impossibility, but not quite. The effort and the protest would have to be made."

(Mackie, 1976 , pp 109,112).

First impressions of contemporary Glasgow are of a city which has just survived a blitz: derelict factory sites, boarded-up bars, dark tenement slums and a battered but defiant people. In the Spring of 1974 Glasgow had scarcely recovered from the potential employment catastrophe threatened by the Conservative Government's attempt to axe the Upper Clyde Shipbuilders yards in 1971 which was narrowly averted by the lengthy workers' occupation of the yards. The full dimensions of this threat of unemployment for the working class of Glasgow is difficult to over-estimate, although 6,000 of the 8,500 jobs in the yards were threatened, as Willie Ross, the Secretary for State for Scotland maintained, "For every job in the yards there were

about four outside. It was not just an industrial disaster - it was an industrial holocaust." With unemployment twice the national average in Glasgow at 5.7% in April 1974, a total of 31,000 unemployed, the city was designated a special development area. (Department of Employment, Gazette, May 1974). There was particular resentment and anger at the drift of industry to the South: "There is an especially acute sense of outrage when Scottish jobs are declared expendable by controlling bodies in London." (Observer, 5 May 1974). The serious decline of the Scottish economy and the severe conditions of poverty and unemployment which resulted in the traditional industrial areas of the West of Scotland had promoted a widespread political consciousness which was a volatile combination of socialist opposition to the exploitation of Scottish workers by remote and irresponsible British capital centred in London, and the primeval yearnings of Scottish nationalism, as Allister Mackie asserted, "The whole country is nationalist in the face of London - especially the press dictated from London."

The Express Empire

The Express newspaper empire, of which the Scottish Daily Express was the northern outpost, was founded by Lord Beaverbrook in the 1920s as an adjunct to his political ambition to make or break prime ministers, if not governments; he was perfectly frank about this, exuding an amused proprietorial disdain for the niceties of the liberal theory of press freedom, and once startled a Royal Commission on the Press, by insisting:

"I ran the paper purely for propaganda, and with no other purpose..... But in order to make propaganda effective the

paper had to be successful. No paper is any good at all for propaganda unless it has a thoroughly good financial position."

(RCP, 1949, Q8656, 8660)

Max Aitken was a self-made millionaire who had won his fortune by setting up monopolies in the basic Canadian industries between 1906-1910. "When he is on one of his impish moods, this arch-propagandist of free competitive enterprise will refer to them, with a nasal cackle of mirth as 'monuments to the iniquity of trustification.'" (Driberg, 1956, p44) As Canadians suffered from the rapidly inflated prices of the new trusts Beaverbrook had established he became subject to a barrage of public criticism: "The newspapers attacked Aitken violently as a young upstart who had been guilty of deals very near to the edge of illegality. He learned then - as so many controversial figures in public life have learned since then, in their turn, from his newspapers - what it feels like to be pilloried day after day in front page news stories and in editorials." (Driberg, 1956, p45)

Aitken arrived in Britain intent on gaining the highest political honour to match his astonishing wealth, however his erratic brilliance and unlimited ambition quickly sidetracked him as he first became a major newspaper proprietor and then accepted a peerage. Disqualified from the premiership himself, Lord Beaverbrook assumed the right of kingmaker, which he exercised with a wicked vanity as he openly revealed in his Politicians and the Press (1925), as one reviewer put it, "This trivial little book... displays the working at the heart of our national life of a dangerous, irresponsible, and corrupting power." (Driberg, 1956, p196)

Beaverbrook and Rothermere, together with the other press magnates,

at each election attempted to select the next prime minister and then dictate to him both his cabinet and policies. Several potential PMs subjected themselves to this indignity rather than risk the pique of the controllers of the most powerful weapons of propaganda then in existence. However sustained attacks by Rothermere in the Daily Mail and Beaverbrook in the Express upon Baldwin the Conservative leader who supported Labour Party policy on India prompted the following celebrated retort that has resounded against the arbitrary power of the press barons throughout the decades. Baldwin insisted that the papers that were attacking him were not newspapers in the ordinary sense but:

"...Engines of propaganda for the constantly changing policies, desires personal wishes, personal likes and dislikes of two men...What are their methods? Their methods are direct falsehood, misrepresentation, half-truths, the alteration of a speaker's meaning by publishing a sentence apart from the context... suppression and editorial criticism of speeches which are not reported in the paper. These are the methods hated alike by the public and by the whole of the rest of the Press.. I have used an expression about an 'insolent plutocracy'..What the proprietorship of these papers is aiming at is power, and power without responsibility - the prerogative of the harlot throughout the ages." (Driberg, 1956, p214)

In the 1930s Beaverbrook's career as power broker began to wane as he increasingly lost touch with political reality and pursued his own fantasies about Empire Free Trade, refusing to be concerned with the

rise of fascism in Europe. In 1938 the Daily Express began to print the slogan 'There Will Be No War This Year Or Next Year Either,' which appeared frequently until 7 August 1939. During 1938/1939 the Express espoused optimism and appeasement, and for example in a leading article on 10 March 1938 gushed "Welcome Herr von Ribbentrop, Hitler's Foreign Minister. You have the right to believe he comes here as an Ambassador of peace, sincerely seeking it." Editorials such as this helped convince Hitler that there would be little response from Britain if he invaded Poland. (When canvassed about whether they agreed with their proprietor's editorial policies the Express staff responded "almost unanimously NO !" (Driberg, 1956, p245))

After the war Beaverbrook seized upon a chance remark of Harold Laski concerning the determination to use force if necessary to ensure their socialist programme was not obstructed should Labour win the 1945 General Election, to insist repeatedly in leading stories that "socialist dictatorship and repression" would be imposed on Britain if Churchill was not elected. The sweeping Labour victory by 295 seats rocked Beaverbrook and the editor of the Express, Arthur Christianson:

"From his penthouse Lord Beaverbrook telephoned me for the latest news. As I told him I broke down. I was suffering from acute shock. I had believed that the Daily Express would swing the election for the Conservatives. I had thought that my press propaganda machine was invincible. I had been proved wrong and hurt where it hurt most - in my professional pride..." (Smith, 1975, p27)

Unrepentant, the Daily Express became renowned for the stridency, if consistent eccentricity, of its political views, which were a direct reflection of the radical and paternalistic, but deeply bigoted conservatism of Beaverbrook himself. The paper bore the masthead 'The World's Greatest Newspaper,' and for a while it was the best selling newspaper in the world. However, the editorial stance of the Express became increasingly anachronistic in the post-war period, and in particular it was burdened with Beaverbrook's obsession with the British Empire, long after it had been lost. Locked in ancestral combat with Rothermere's Daily Mail, like two aging dinosaurs, neither newspaper noticed the dramatic political and economic changes that were occurring in the environment around them. Described by A.J.P. Taylor in his biography of Beaverbrook as "the only classless and ageless newspaper in the world," (1974,p9) the Daily Express editorial appeal in the 1960s congealed around a limited section of the middle-aged, deferential working class and the lower middle class. Displaced by the brasher and more sympathetic appeal of the populist Daily Mirror, the Daily Express circulation fell from a peak of 4.3 million in 1961 to 3.3 million in 1973, and continued on a rapid downward spiral through the 1970s despite repeated changes of editor and marketing formula. (Hirsch and Gordon, 1975, p70)

In the first two decades after the war the Express newspapers were the largest employers in the national newspaper industry, and Beaverbrook actually believed in paying good wages to those journalists prepared to stand his overbearing intrusions. However the proprietorial idiosyncracies comfortably afforded with the easy newspaper profits of the middle decades of the century, were replaced by sharper managerial practices by the time Beaverbrook die in 1964, and his son, Sir Max Aitken, took over as chairman. The new

managerial style was confirmed with the appointment, as deputy chairman and managing director, of Jocelyn Stevens, a wealthy young heir, with a determination to strip away what he assumed to be the unnecessary accretions of the Express empire, to be replaced by more profitable pursuits. (McKay and Barr, 1976, pp.18-21).

For Beaverbrook's conservatism had extended into his business policy: while other newspaper groups had been diversifying into other, more lucrative activities, particularly commercial television, which rather quaintly Beaverbrook dismissed as a "passing phase", (The Editors, BBC TV, 14 August 1977), the Express group had remained isolated in newspaper publishing which was experiencing declining profitability. Early attempts at economies were not convincing: the most celebrated was a redundancy scheme operating during 1972 and 1973 by which any staff member, irrespective of length of service, could give notice and leave with six months pay tax free: forty one young journalists, confident of securing other employment, took their redundancy money, and were thereupon replaced by forty three new recruits. (McKay and Barr, 1976, p.21.) The accelerating fall in the Daily Express circulation, the doubling of the cost of newsprint in the early 1970s, and a corresponding fall in advertising revenue, brought the Beaverbrook Newspaper group's first loss, of £264,413 before tax in the six months to 31 December 1973, compared with a profit of nearly £700,000 in the previous six months. In fact, 1973-4 was a disastrous period for Beaverbrook's fortunes: it was estimated that the bill for newsprint, would increase by £9 million in 1974; £2 million of advertising revenue had to be turned away due to a shortage of newsprint; a December go-slow on the railways damaged circulation, and an application to the Price Commission for a 1p increase was delayed

until February. The increase from 3p to 4p, worth about £6 million a year had come too late to prevent the prospect of continued losses. "Drastic economies" were announced by the Beaverbrook board of directors, namely the closure of the Albion Street office and print works in Glasgow, and the redevelopment of the group's undervalued property assets. (Guardian 19 March 1974).

The Suddenness of the Closure

Speculation about the closure of the Scottish Daily Express office began early in 1974, but senior Beaverbrook management in London denied that closure was being contemplated. At a press conference in Glasgow early in March Jocelyn Stevens said that there would be no redundancies in Scotland. Workers at Albion Street assumed that management was indulging in the brinkmanship common in the newspaper industry, and were convinced that their operation was viable, both by the profit figures of the past, and managements lavish waste of money at the present. The decision, made public on 18 March, was intended to hit the Glasgow workers completely by surprise, even the Albion Street management had not been consulted; Ronnie Gibson the Father of the APEX clerical Chapel explained :

"There were rumours of a closure. We kept asking the management were they true, and they kept insisting that we were not going to close down. We asked if we would participate on the board but they refused. Then Jocelyn Stevens came up and announced the closure two weeks before it was to happen. One of our management said to me, "I admire the man for having the nerve to come up here and tell you'. What a statement! To say you

admire a man who can sack 1,800 people just like that".

Stevens hoped that there would be too little time available for the workers to mount active resistance, and he was proud of the efficiency of the managerial operation:

"Although it was a bloodstained issue, the only satisfying aspect of the closure of our Glasgow office was that it was executed enormously efficiently. We worked on it, very few of us, in this room at night after we had done our day's work and every single detail was foreseen and planned. Nothing happened in the fortnight between the announcement and the moment it closed that we hadn't foreseen, despite the fact that we were dealing with a very wild political situation." (McKay and Barr, 1976, pp 22-23).

But the transmission of closure was not as smooth as Stevens might assert, the anger of the men was, in fact, more difficult to contain:

"We had a meeting with Stevens, all the FOC's and Supervisors, and he made a few bald statements about the reasons for closure. We heckled him all the way through. He said, 'You've got no right to do this! But we said, 'We've got every right - they're our jobs man!'. He started to get ruffled, he'd never met resistance like this before, he was used to workers being polite to him, but we didn't care anymore - he'd made us redundant."

The workers at Albion Street were shattered by the unexpected force of the blow: all three newspapers were to be stopped, the Scottish Daily Express, the Sunday Express, and the Evening Citizen,

with 1,850 staff made redundant out of 1,942. Particular bitterness was felt that, although so many workers were redundant, two of the papers would continue to be published from Manchester, whilst the Evening Citizen was sold to Outrams, publisher of the Glasgow competitor, the Evening Times. Unlike most closures therefore, the product still continued, which compounded the workers sense of uselessness and ignited their determination to prove that they could still work productively at their printing trades. The irresponsibility of the Beaverbrook management in their conscious attempt to foreclose any alternative which might affect their interests was recognised in the parliamentary debate on the closure, opened by Jim Sillars:

"The Aitken family has spent two generations lecturing this country on how it should run its business. They have done so from the secure position of Press power without responsibility. The first time they have come face to face with responsibility in a very difficult situation, in which they have had to take decisions with consequences, as opposed to commenting on the decisions of others, their performance has come nowhere near the high standard that they have always demanded of others, especially of Labour Ministers It is clear to me that the Express group management has no intention of saving the Scottish papers and the Scottish jobs that go with them. The lack of consultation with the unions, the extremely short notice given to employees, and the closure announcement leaving limited time for counter-action, all point to a management strategy designed to deny the precious time needed

in which a saving operation could become successful.

(Hansard, 26 March 1974, pp 383-4).

Yet, just two years later, in its report on industrial relations in the national newspaper industry, ACAS made the following astounding observation:

"Beaverbrook Newspapers Ltd has one of the most developed formal arrangements for consultation and disclosure. The impetus for more disclosure of information and consultation on future plans seems to have been the general company policy of cost reduction since 1971 and, in particular, the closure of the Scottish Daily Express. In 1973-4, the company set up three consultative committees covering the Daily and Sunday Express in London, the Daily and Sunday Express in Manchester, and the Evening Standard. The main functions of these committees are to receive regular information on the company's trading position and finances and on future plans and prospects; to discuss any matters affecting the operating efficiency of the company or the interests of the employees; to enable each side to have the opportunity to understand the other's views and objects, and to discuss future plans and new ideas."

(RCP, 1976 a, pp 135-6).

It may be reasonably concluded from this that the development of consultation and the willingness to impart financial information at Beaverbrook was related to the commercial difficulties of the group: the one situation in which a company may freely impart financial information to its workforce is when it faces imminent bankruptcy. Thus ACAS concluded, "The seriousness of the financial positions of the

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The organizational strength of the chapels is based upon the highly perishable nature of the newspaper product, the frequent changes necessary in editions and print runs, and the competition with other similar newspapers, which renders the newspaper industry acutely vulnerable to any form of industrial action. The assessment of ACAS of the position, endorsed by the Royal Commission on the Press was that :

"The daily production cycle, the intense competition among newspapers, and the disproportionately heavy losses that can be incurred as the result of relatively minor disputes encourage fragmented bargaining, encourage short-term attitudes on the part of employers to dispute settlement, and impose strains on co-operation between employers."

(RCP, Final Report, 1977, p.218).

Industrial relations in the national newspaper industry based in Fleet Street are inherently conflictual: prolonged periods of cease fire are abruptly interspersed with brief, but intense, outbreaks of guerilla war in a continuous struggle along the frontier of control. (See Chapter 8 for a more detailed analysis of industrial relations in the newspaper industry). However, the provincial newspaper industry, including the national offices in Manchester, is normally more peaceful, a situation partly induced by the constant threat upon unions and management of closure and withdrawal to London. At Albion Street though, perhaps influenced by the tradition of industrial militancy on Clydeside, and the stark contrast between the grander illusions of the Beaverbrook proprietors and the conditions of economic and social depression surrounding them, industrial conflict resembled that experienced in Fleet Street. Militancy extended beyond the manual

chapels into the NUJ, and the Albion Street NUJ chapel was responsible for the first stoppage by journalists over editorial content in the country, when the night shift prevented an edition of the Daily Express because of an inflammatory and irresponsible Cummings cartoon on the conflict in Northern Ireland which might have incited retaliation against the office itself. (McKay and Barr, 1976, pp 23-25). In the final year of the paper, editorial and chapel conflict came to a head, John Hodgeman, a sub-editor explained:

"There were a lot of people who hated Beaverbrook. They hated the set-up whereby Sir Max Aitken could spend £30-40,000 on a power boat show every year. They hated the fact that his mother could go and buy a string of racehorses; and that nobody seemed to be paying much attention to the fact that the place was slowly strangling itself. We did have in the year I was deputy FOC to Denny Magee, we did have 56 strikes in this building. Even the activists, and the militant trade unionists have said that half of these stoppages, some of them were only temporary stoppages, were completely unnecessary, and seemed to have come about not from any premeditated reasons of sabotage, but just through sheer bloody mindedness, and frustration, and boredom..... There was no acceptance of any editor in the time I was working for Beaverbrook, and whoever the editor was, he was fair game to be hatched by the journalists at any opportunity There was a turnover of editors, the last but one editor, Clive Sandground took over, and was editor for about eighteen months, half way through which the journalists passed a vote of no confidence in him. There was a great feeling throughout the whole of the

building that he was ready for the chop anyway, but the vote of no confidence from the journalists saved him - it stayed the execution, because the management couldn't give in to that kind of demand! "

Towards the end the Beaverbrook London management were not entirely unhappy about the continual conflict in Albion Street: a dispute during the New Year of 1974 had shown that the Scottish Daily Express could be published from the Manchester Beaverbrook office, and the record of stoppages in Glasgow provided a ready-made excuse for the closure which was demanded by Jocelyn Stevens' strategy of rationalization. So when Stevens announced the closure of Albion Street he attributed the blame primarily to the unions who were responsible for the fifty-six interruptions of work, forty of which had involved the loss of sales in the past year. But the intensity of conflict which Stevens and other commentators implied was unique to Albion Street, is, in fact, endemic in the national newspaper industry. Larry Lamb, past editorial director of the Sun, admitted, "We regard it as a big success when we get through a week of production without a stoppage", and Harold Evans, formerly of the Sunday Times, maintained that, "Every single week, unpublicised, there is a dispute, and a disruption of production". The reason why such perpetual conflict rarely receives editorial coverage in the newspapers concerned, which devote such unstinting attention to strikes in other industries, is not simply the natural reluctance of newspaper management to wash their own dirty laundry in public but because critical editorial comment would probably inflame internal disputes; as Harold Evans indicated with rather poignant disingenuousness, "It's difficult for a newspaper to report its own difficulties - the workers think we represent some vested interest." (BBC TV, The Editors, July 31, 1977).

The Royal Commission maintained that the industry "has been plagued by recurring unofficial actions", and despaired that, despite stern action by management and union officials, "unofficial stoppages, often unpublicised by the papers affected, have continued up to the time of our going to press." (RCP, Final Report, 1977, p226)

Commercial Reasons for Closure

Since the frequency of industrial action at Albion Street was comparable to that experienced normally in Fleet Street, more commercial reasons for the closure are indicated. In fact the withdrawal of Beaverbrook Glasgow office was part of a process of contraction and concentration of the national and provincial press which has continued since the 1920s. For the continuing liberal belief that private ownership and market competition are the key to a free and flourishing press rests upon a profound contradiction: the cost reductions derived from economies of scale, together with unequal access to advertising revenue, promoted unequal competition. This competition actively reduced diversity and developed monopoly thereby restricting press freedom. The result is that Britain has developed a press unique among capitalist industrial countries in the degree of centralization of both editorial control and production in one city, "In no other capitalist country was there so rapid and apparently so complete a movement towards a centralized metropolitan press." (R.Williams, 1978, p.25). This centralization, dictated by the competitive process and economies of scale, has sacrificed regional autonomy and cultural heterogeneity in the course of cost-cutting exercises. Beaverbrook's original venture north of the border was against the trend, and the departure of Beaverbrook

in 1974 meant that none of the national newspapers were produced in Scotland, though they all circulate there. (RCP, Interim Report, 1976b,p.2). In view of the precarious state of the finances of Beaverbrook it was commercially compelling to secure the large cost reductions available by shifting production of the Scottish Daily Express to its office in Carmelite Street in Manchester. (RCP, Interim Report, 1976b,p.82).

It has been argued that the Albion Street operation was never profitable, even at the peak of sales of the Scottish Daily Express in the late 1950s. (McKay and Barr, 1976,p.18). It would be impossible to verify this without a thorough examination of the Beaverbrook books, however the workers believed that in the final year, at least, the losses incurred at Albion Street, relative to the rest of the group had been accentuated by calculated manipulation of the advertising accounts by the London management to help justify closure. (Guardian, 5 May 1975). Certainly the circulation of the Scottish Daily Express had been maintained at 570,000, while the circulation of the Daily Express itself was rapidly declining, an imposing achievement in a country with a population of 5 million people. It was estimated that the closure would cost Beaverbrook £5 million in redundancy payments which would be offset by government contributions; the sale of the title of the Evening Citizen for £2.75 million; the sale of the Albion Street building; and the annual saving of approximately £1 million on labour and other costs by utilizing the spare capacity in Manchester.¹ The Evening Citizen was sold to George Outram, a subsidiary of Sir Hugh Fraser's Scottish and Universal Investments, and the publisher of the rival

1. George Reid, quoting the Investors Chronicle of 11th January, 1974 and the Guardian, of March 17th 1974, argued that the Beaverbrook property assets, since they had not been revalued for six years were worth some £50 million, rather than the £8.4 million book value, and that the Albion Street closure was part of a management forward planning strategy of asset-stripping. (Hansard, 26 March, 1974, p.397).

evening paper. The Economist gloated, "Sir Hugh is expected to combine it with Glasgow's other evening paper, the Evening Times, which must then become as nicely profitable as most of the monopoly evenings in the country." (23 March 1974). Consent to the acquisition of the Evening Citizen by Outrams was given by the Secretary of State, Shirley Williams, without reference to the Monopolies Commission because the Citizen was "not economic as a going concern, and as a separate newspaper." (Hansard, 27 March 1974, p.467). Hence the last remaining city in Great Britain excluding London, with two evening papers, saw its choice quietly extinguished. Table 1 shows that in 1921 there were 27 urban centres with a choice of evening paper, and by 1974 London alone had 2 evening papers before they were merged in 1980. Little, if any, official effort has been made to arrest this development of almost complete local press monopoly.¹ Resorting to the basest of rationalizations Eric Deakins, the Under-Secretary of State for Trade, replying for the government in the debate on Albion Street, justified the Glasgow merger, "It is a fact that, apart from Glasgow, only London supports two evening newspapers. There have been many mergers since the war. The trend everywhere has been towards a single evening paper. This need not create a real monopoly situation if there is continued competition from weekly newspapers, morning papers and local radio. Some people may even feel that it is better that there should be one strong newspaper, given editorial freedom than two ailing local newspapers." (Hansard, 26 March, 1974, p.418).

1. A "proposal/^{was} adopted in 1965 requiring all acquisitions of newspapers by large press groups, already having an average daily circulation in the United Kingdom of 500,000 copies or more, to obtain the assent of the Secretary of State. Between 1965 and 1975, 50 applications were made to the Secretary of State of which seven were referred to the Monopolies Commission. Not one of these 50 applications was refused."

Table 1.

The Number of Urban Centres with a Choice of
Local Daily Paper, 1921-1974.

Urban centres with a choice of :

<u>Year</u>	<u>Local Morning Paper</u> ²	<u>Local Evening Paper</u>	<u>Local Daily Paper</u>
1921 ³	16	27	34
1937 ³	7	10	21
1948	5	11	21
1961	2	9	20
1974	2	1	16
1980	-	0	-

1. Derived from RCP 1947-49, Appendix II, Table I; RCP 1961-62, Appendix III, Table 4; Hartley et al, Concentration of Ownership in the Provincial Press, RCP, 1977, Table 6.1.

2. Excluding London

3. Excluding Ulster

(Source: Curran, 1979, p.70, Table 6.)

Labour Government Contradictions

The newly-elected Labour Government felt that it could only acquiesce to Beaverbrook's demands in March 1974. Peter Shore, the Secretary of State for Trade, maintained that after discussions with Sir Hugh Fraser and Beaverbrooks it emerged that it was not possible for Fraser to continue to print the Scottish Express papers at Albion Street as well as his own papers the Evening Times and the Glasgow Herald. Fraser had offered to buy the Scottish Express newspapers, but Beaverbrook had refused, insisting to the government that the loss of the Scottish sales and advertising revenue would have serious consequences for the group as a whole. Having exhausted the alternatives deemed appropriate by the newspaper proprietors concerned, Shore could only comment, "we have been concerned with two objectives: first, to explore all possibilities of avoiding the grievous loss of jobs in hard-pressed Glasgow, and, second, to try to find an alternative solution based upon a Scottish newspaper group. It is with profound regret that we have been forced to the conclusion that no solution could be found." (Hansard, 27 March 1974. My emphasis).

In the debate on the Scottish Daily Express in parliament, Labour MPs were confronted with a painful dilemma: how could they assist a newspaper which throughout its life had sought only to vilify and abuse socialism? Normally the contradiction of a Labour Government assisting capitalist industry in order to preserve workers jobs remains concealed. But in the case of the Express the irony was too heavy to ignore, Hugh Brown indignantly claimed,

"Running through the message of the newspaper concerned has been a contempt for labour and the trade union movement. It has been made clear that unless one is on the other side

of the fence, one cannot even run a local council - quite apart from running a Government or business venture.

This evening we are discussing one of the most inefficient, and incompetent managements in the newspaper industry."

(Hansard, 26 March 1974, p.390).

Harry Ewing added,

"One can well imagine what tomorrow's Scottish Daily Express headlines will be about the new Government, and it is ironic that on Budget night, of all nights, we are pressing for something to be done to save the paper. Listening to the debate, I recall what my father said when I was a small boy. He was an ardent Socialist and used to say that the best thing ever in the Scottish Daily Express was the fish supper. I do not disagree with that view, but it hurts me deeply that 1,800 specialised jobs in Glasgow are to be lost." (p.407).

There was some division among the Labour members between those who were prepared to treat the Express like any other industry in the offer of assistance, and those who balked at propping up such a reactionary proprietorial newspaper. Those Labour members in favour of some form of assistance were made uncomfortable by the support of Teddy Taylor, the strident and unpredictable Conservative MP for Glasgow Cathcart, who likened Albion Street to Upper Clyde Shipbuilders, stressed the need for special action to restore profitability, and later suggested the possibility of a newsprint subsidy, though as Hugh Brown unkindly pointed out this support for Scottish Express

newspapers by Taylor was largely "because they churn out rubbish with which he agrees." (p.393). Probably John Robertson, MP for Paisley, expressed the view of many Labour members in insisting,

"I should be against subsidising privately-owned newspapers. The idea that newspapers owned by private individuals are better than vehicles for the opinions and ideas of those individuals is nonsense. The great weakness of the newspaper industry is that it is the producer of private pamphlets of individuals seeking to bend people's minds to their way of thinkingIf we can run the BBC, which is also a vehicle for information and news, there is no reason why newspapers cannot be controlled ... in a similar way. Therefore, while it is important that we carry out an immediate rescue operation, if that is possible, we should not do it at any price. I should like to see the Government take over all the assets without compensation and produce a newspaper which is genuinely free and which reflects the point of view of not only the people it serves but those who work on it." (p.401).

The prospect of nationalization without compensation remained firmly part of Labour Party mythology, but two other, more limited, proposals emerged from the parliamentary debates on the Scottish Daily Express: firstly the idea was endorsed that there should be a Royal Commission on the Press; and secondly that some form of trust or 'employees' enterprise' should take over Albion Street and continue to publish newspapers from there. The demand for a Royal Commission into the ownership of the press was made during the first prime minister's question time of the new government on 21st March, when Ioan Evans

linked the events in Glasgow with the fact that in the February 1974 election all of the national daily newspapers, with the exception of the Daily Mirror, had supported the Conservatives or a coalition government. The demand for a Commission was repeated in a number of debates, and a month later, announcing his intention to appoint a Royal Commission, the Prime Minister, Harold Wilson, referred to the anxiety about the closure of the Scottish Daily Express with the loss of nearly 2,000 jobs and the grave dangers of a further restriction on the newspaper reading public's choice. The terms of reference of the Royal Commission were deceptively wide ranging concerning the economics, industrial relations and concentration of ownership of the press; but it was earlier acknowledged by Wilson that the Commission had come too late to assist the Albion Street workers in any way.

(Hansard 2 May 1974, pp 1322-1326; RCP, Final Report, 1977, p2)

The more immediate suggestion of a workers takeover of Albion Street was supported by most of the Labour speakers as an attractive solution to the problem, however, the suddenness of the arrival of the idea was indicated by Tam Dalyell's contribution:

"I have just received a phone call from my friend and constituent, Allister Mackie, who is the father of the federated chapels in Albion Street, Glasgow. He told me that the employees have tonight decided to try to set up an employee's enterprise involving Scottish industrialists and any Scottish capital that is prepared to help. According to Allister Mackie, the idea is to float a new newspaper. A feasibility study has been done, and at first sight, at any rate, the accountants are optimistic. I have been asked to inquire from the

-Government whether any help and advice can be provided on a management consultancy basis. The crunch question is whether they will have access to the Beaverbrook accounts and the internal operations of the Beaverbrook set-up. I hope, therefore, that in discussions with the Beaverbrook Press my right hon. Friends will impress upon those concerned that if they are not prepared to run a Scottish newspaper themselves they should at least not be difficult, and should allow others to have a go at trying to do so.

(Hansard, 26 March, 1974, pp.393-4).

A similar idea was proposed by Jim Sillars who suggested that in the event of Beaverbrook refusing to remain in Scotland, the government should take the Scottish operation into the ownership of a newspaper trust, with control of the trust vested in a policy board drawn from the workers employed by the three newspapers, with a second-tier executive board responsible for implementing policy decisions. The government would be responsible for ensuring that the trust received adequate launching aid, and that policy-making lay in the hands of the trust's policy board, without interference from the Government. To those who opposed state aid to newspapers because "they fear that where Government money goes, so does Government control", Sillars offered the following amazing reassurance,

"This year in Scotland alone, thanks to the wisdom of a Labour Government, we shall pump £40 million into firms through the regional employment premium As well as the money from REP, many more millions of pounds will be pumped into industry in Scotland through the Industry Act.

The REP payments will carry no Government control, and I

suggest that very little control will follow money granted under the Industry Act. That proves that Government money need not necessarily march hand in hand with Government control. (p.385-6).

Sillars therefore maintained that there was a possibility of providing state assistance, without accompanying controls, to a newspaper trust, by reference to the lack of control exercised by government in its general assistance to capitalist industry!

An appreciation of the scale of the problems which faced the Albion Street workers in embarking upon their "employees consortium" was revealed by Harry Ewing, who also stressed the importance of Beaverbrook releasing the titles of the Scottish Express papers:

"The men are taking on a monumental task. No-one should should be under any misapprehension about that. The task which they have set themselves is not easy, and it will not be made any easier if the titles of the papers are withheld and the men have to start publishing new papers with new titles. They require not only management consultancy but a massive public relations exercise to sell the title of a new paper. That is costly in itself. We must begin to think in terms of £5 million before the paper gets off the ground." (p.406).

As experience was to show, Ewing had hit upon the real dimensions of the problems confronting the new paper; however the outline proposals for a 50% bridging loan from the government at 10%

interest which emerged from Albion Street by the next day did not sufficiently recognise these problems. In fact the first feasibility study of the Scottish Daily News was completed by William Wolfe, an accountant and chairman of the Scottish National Party, within 48 hours of his approaching the Albion Street Action Committee. A newspaper was projected with a circulation of 200,000, an advertising content of 40%, and a workforce of 600. (McKay and Barr, 1976, p.39). Though so hurriedly prepared, later proposals and reports were to revolve around these original figures. Moreover, rather than receiving the official assistance which they had requested in correcting their estimates, the Glasgow workers were to encounter a sustained antipathy from official quarters, particularly the Department of Industry civil service.

The Co-operative Decision and the Diversion of Resistance.

The decision to press for a co-operative was taken at Albion Street with remarkable speed: an Action Committee was formed the day after the closure was announced, and within a week a feasibility study had been completed and acceptance gained for the idea, at a mass meeting. This is the first major enigma surrounding the Scottish Daily News: why did the Glasgow workers immediately opt for a co-operative rather than attempt alternative forms of resistance? Why did they not fight to prevent the Beaverbrook closure, or demand nationalization of the Scottish Daily Express, or try some other strategy? Whatever the reasons for the decision, the resolve to launch a co-operative did serve to de-escalate a situation of mounting tension:

"As the moment of shut-down approached at the end of March ... there was a live possibility of confrontation at the Albion Street plant in Glasgow. There were tentative murmurings about occupying the building and making sure that Beaverbrook would not have the use of it if the staff were to lose their jobs. But before such a clash materialised, an Action Committee led by an Express compositor, Mr. Allister Mackie, came up with the idea of forming a workers co-operative to buy the plant and publish a new daily paper." (The Guardian, 5 May 1975).

The co-operative idea, once accepted, precluded alternative means of resistance and diverted energy in this particular direction. The possibility of more outright opposition was pre-empted: Beaverbrook was to be fought not politically, but commercially.

To understand the readiness with which the co-operative idea was adopted, the constraints within which the Action Committee operated, must be appreciated. In arranging the closure, besides giving no warning, Beaverbrook had adopted two other devices in order to minimize opposition. The first was the insidious nature of the redundancy terms: two weeks wages were to be paid for every year of service, but in addition the management announced,

"It is our aim that a further cashpayment of one week's earnings for each year of service will become payable on the 1st January 1975 to everyone who is under 65 at that date. This payment will be dependent upon normal production and distribution continuing in London,

Manchester and Glasgow until the end of the month and thereafter in Manchester and London."

The Albion Street workers rightly interpreted this provision as a crude attempt to blackmail them into passive submission. Furthermore, it placed them in the impossible position of relying upon the co-operation of the London and Manchester workers with Beaverbrook's plans, over whom they could exert little influence once dismissed from employment with the Express. (Hansard, 26 March 1974, pp. 382-3). The other management device was the more conventional one, frequently utilized during redundancy and other industrial relations issues, of divide and conquer. Beaverbrook management assured their workforce that the only way of saving the jobs of the London and Manchester offices, was to sacrifice the Glasgow office, and that any effort to maintain Albion Street would place in jeopardy the group as a whole. The stark calculation presented by management was: accept the 1,800 redundancies in Glasgow, or risk 10,000 redundancies with the complete collapse of Beaverbrook.

Rather than contest this logic and produce alternative demands for the Beaverbrook group to maintain employment, the trade unions in London, Manchester and most critically, in Glasgow itself, conceded that the management proposition was inescapable. "As a trade unionist", Allister Mackie asserted later, "I have always accepted that you sacrifice one thousand to save five thousand." (Sunday Times, 21 September, 1975). He elaborated further, "Their argument was that it was necessary to cease their Glasgow printing operations to keep their Manchester and London offices open. The attitude of the national print unions was understandably conditioned by this argument. They accepted that it was a lesser evil to lose 2,000 jobs than 10,000. The shop stewards then had to make a quick and decisive re-appraisal

of their own attitudes. Could they continue to press for the reversal of the Beaverbrook decision to close, knowing that if their efforts proved successful, they would throw perhaps another 8,000 Manchester and London colleagues out of work? The official union attitude held the day; another means of maintaining employment would have to be found." (Mackie, 1976 pp. 110-111). Thus under the influence of official print union attitudes, the orientations of the Albion Street union leaders were a combination of the acceptance of the prevailing market rationality, the continued private ownership and control of the Beaverbrook empire, the impossibility of any immediate alternative structure for the national press, and therefore the acceptance of the need for the self-sacrifice of the Glasgow workers. A more accurate assessment of the political realities involved in the closure was offered at the time by Harry Ewing, "I believe that Glasgow is ...the first stage and that for Jocelyn Stevens to say to Manchester and London, 'Ditch Glasgow to save Manchester' is a deception of the lowest kind. That is because of the guarantee that in a year's time people will be saying to London, 'Ditch Manchester to save yourselves'. (Hansard, 26 March 1974, p.406). (In 1974 Manchester received an influx of 100 workers from Scotland, but by 1976 this increase was eliminated by enforced labour reductions due to the pagination and circulation decline of the Express. (RCP, 1976a,p.148). Despite many recent developments, the future of both the Manchester and London offices has remained uncertain, and rivalry has persisted.

The tame response of the print unions concerned to the Beaverbrook offensive prompted more strident calls for united action from other quarters :

The time is long overdue for a real fight against the press barons ... and that can only mean an industrial fight using Albion Street and solidarity strike action to bring them to heel. No other force is strong enough to make them go back on their objectives. If Beaverbrook still refuse to honour their obligations to the workers then the struggle must be stepped up and extended to the whole newspaper and media industry so that the Labour Government is forced to nationalize the building and machinery and subsidize the production of newspapers under workers control." (I.S. Pamphlet, The Beaverbrook File, n.d.)

That no such militant call for union mobilisation in pursuit of nationalization and workers control was either seriously raised by the Albion Street chapels, or attended to by the print unions, can only be explained by an examination of the level of organization and consciousness which existed in both at the time. Widely contrasting opinions exist on the strength of union organization at Albion Street, Allister Mackie has argued,

"For a period of years there had built up in the office an organization among the various chapels that was difficult to match in any other national newspaper in Britain. In the newspaper industry the mistrust and, at times, hostility among the various chapels is difficult to imagine. There is a long history of inter-chapel mistrust: either craft against non-craft; or craft against another craft; and invariably the Journalists against all the others. But in Beaverbrook's Glasgow office the problem has almost disappeared

Under the organization of the Federated House Chapel the various chapels had learned to live together; had developed the habit of discussing each other's problems, and had forged a relationship to each other that gave them a unity, and the Federated Chapel a respect, that the entire workforce recognized. And had it been otherwise there would have been no concerted effort to fight the closures of the three newspapers ... It is possible that the unity of the workforce that hallmarked the entire struggle could not have materialized in any other newspaper office in Britain. (1976b, pp.109-10).

A markedly different interpretation provided by Buckingham was that, "Proper trade union organization inside the Scottish Daily Express could have averted the closure in the first place. In other sections of the newspaper industry - Thomson Group houses are an example - the unions have bench-marked jobs and got this written into water-tight annual agreements with the management ... The trouble at the Express was that while the going was good, no real attempt was made to sew up the loose ends that would put the chapels in a strong position. Trade unionists made the false assumption that Beaverbrook would 'See them all right', and that good pay and conditions would automatically continue, as if by some magical process ... The rigid defence of a trade union position leading up to a militant occupation would have saved the Express jobs, as Beaverbrook themselves knew full well. And this would have made the whole brave, sad, saga of the Scottish Daily News unnecessary." (M.Buckingham, International Socialism, 87p.9).

The weakness at Albion Street was, that however cohesively the Federated Chapel functioned, and however militant about particular grievances individual chapels were, this organisation and activity was contained within union orientations steeped in conservatism: the generous material rewards of working at traditional skills for years in one of the most reactionary newspaper publishers in Britain had left its mark. Though their confidence in the existing economic system had been shattered by the cruelty of Beaverbrook's treatment of them, as far as most of the workers were concerned, they wanted merely to prove that with their own enterprise they could carry on in the newspaper industry more or less as before. Alternative employment in a declining industry was difficult to find, and the workers at the Express wanted to retain their skills and continue in the jobs they were used to, "A stubborn and strong loyalty to print", John Hodgeman maintained, "contributed to the redundant workers' determination to stick together. Those who have these skills do not lightly cast them aside to settle for alternative manual jobs." Allister Mackie elaborated more expansively,

"An engineer, electrician, painter or accountant has a chance of finding a job outside the newspaper industry. So has a typist. But the great majority of people who worked in Albion Street are the possessors of rare and special skills valuable only in the production of newspapers. It would be a reckless waste to throw these skills away. They are a human investment. Scotland cannot afford to lose. That is why the Scottish people owe this enterprise their warm support." (Campaign, April 26, 1974).

The failure to mount an effective campaign against Beaverbrook in the short time available, meant that when Andrew McCallum, the father of the journalists' chapel, suggested that they all pool their redundancy money to buy the plant and premises and launch their own paper, it was seized upon as the last chance of saving jobs: "charged with desperation from the certain knowledge that the alternative was unemployment, the Action Committee took the decision to fight for the setting up of a co-operative. Like so many co-operatives in the past, the idea was conceived in a womb of expectancy and despair, and in an economic climate that had already forced the closure of a newspaper." (Mackie, 1976b, p.112). But the envisaged co-operative according to Wolfe's feasibility study which was not contested, could only employ 600 workers, which was later scaled down to 500, therefore from the start it was accepted that 1,300 redundancies were inevitable. Though widely interpreted as a political gesture, the idea of running their own newspaper appealed primarily to the business inclinations of most of the journalists, the staff, and large sections of the print workers. The Scottish Daily News therefore was inspired originally, not by the strength of union orientations and organization at Albion Street, but by their weakness.

The Fight for the Right to Work

Yet some of the Glasgow workers possessed more political awareness, and saw the struggle to establish the Scottish Daily News as part of the general fight for 'the right to work'. This group consisted of the engineers and electricians, the clerical workers in APEX, and some journalists and print workers, and included several of the most active Fathers of the Chapels (FOCs) and members of the Action Committee

They were largely responsible for whatever links the campaign for the Scottish Daily News managed to create with the rank and file trade union movement, and for the socialist element in the direction of the proposed newspaper. Jimmy McNamara, the FOC of the engineers and a member of the Action Committee, was one of the leading spokesmen acknowledged by the left:

"We see our struggle, some of us see our struggle, as an extension of the right to work ... as an extension of the UCS struggle. Certainly not an alternative; not an alternative to socialism, not an alternative to nationalization Now we didnae choose a co-operative, we were forced into the position, and speaking personally, its not an alternative to socialism. It's certainly not an alternative, it can't possibly be, for us to exist as an island of socialism in a capitalist society ... But what I do see, is that Robert Owen couldn't have possibly succeeded on his own in his society, when he built the mills in New Lanark, but Robert Owen went ahead, and our lives have been enriched because Robert Owen went ahead, that's what's important - Robert Owen contributed I don't know of any other industry that's had three Royal Commissions since the war. So there's changes coming, there must be changes. The whole of the western world is suffering these problems in the press, there's got to be changes in the press. If we can contribute to that change, if we can show something, if we can show some direction and participate in that change, and at the same time encourage workers to participate, then we

will have contributed And they were our three planks: the 500 jobs were the most important thing; democratization of the press was very important; and thirdly the development of workers control. They were the three issues we continually hammered home, and workers responded. Unfortunately for workers in the print industry to respond we had to go to England. There was some response in Scotland, but fear of unemployment, us being a threat to their jobs kinda spoiled that ... But over the piece: - alternative to socialism? - No! The best form of struggle? - No! Ideal? - No! Not by a long shot! "

This assessment of priorities was emphatically supported by Ronnie Gibson, FOC of the clerical workers' APEX,

"When we thought up this concept, it wasn't a concept of a workers co-operative, it was a concept of the right to work. Basically it was as simple as that, it was a concept of the right to work. Nobody should have the right in Fleet Street, or anywhere else, to put 1,800 workers out of a job. We're not really talking about 1,800 workers we're talking about maybe three or four thousand people who were affected. By the stroke of a pen. Jocelyn Stevens said to us - 'You've no right to work'. And we were fighting basically for the principle of that. Not the principle of a workers co-operative, but the principle of the right to work. And it should always be recognized as that and nothing else. What we did, we created 500 jobs, not created a workers co-operative but created 500 jobs that

were not there. We fought, and we won, for the right to work. It was based on that."

Something which all sections of opinion within Albion Street had in common though, was the feeling that they had been abandoned by the print unions in Beaverbrook, in Scotland, and in much of the national newspaper industry, to fight alone. When the Glasgow workers faced Beaverbrook, and later in negotiations with the government, it was not with the authority of the national printing unions behind them, but as an isolated group of redundant print workers searching desperately for any feasible solution, and living on their wits. For an important reason why the Scottish Daily Express went down, as other national newspapers had gone before, was the sectionalism and competitiveness of the different chapels, unions and newspaper offices, which replicated the rivalry of the relationships between their employers under the constant pressure of the restricted, but intensely competitive market for national newspapers. Jimmy McNamara, a life-long ardent trade unionist was dismayed,

"The unions in the print industry are a shambles. At the moment we have a 'non-political' print union, how the hell any trade union can be 'non-political' I'd love them to tell me. But this is a fact, we have a 'non-political' trade union. There is animosity, there are frictions, there are attitudes inside the print industry that are foreign to any other industry. As engineers we can be a bit more objective, and I hope its constructive criticism, I'll no purely be destructive, but I've got to say it. When I worked in a ship-yard, there were frictions, there were animosities, between boilermakers and coppersmiths, engineers and plumbers, and electricians, you name it.

But when they met the employer - they were a solid body, I canna remember any instance where the unions sided with the employer. In the print industry it's entirely different, and I'm talkin about something I know here, when I talk about the Beaverbrook closure - there was connivance inside the print industry unions in the Beaverbrook closure and make no bones about it. In fact their whole attitude towards us was wrong when we attempted to do something - and this was the difference between us and UCS, the trade union movement responded to UCS because the trade unions involved in UCS responded to the workers - but the trade unions in the print industry, it embarrassed them that we should have the audacity to fight for the right to work. I'm not saying that at the end of the day a workers co-operative was the answer, or that it was what we were looking for. We were looking for to keep Beaverbrook open, lets be honest, we were fighting to prevent a closure, 500 jobs that was what we fought for in the first instance, - not 500 jobs, 2,000 jobs - but it became painfully obvious to us, that the print unions are so fragmented, and so selfish, particularly in the newspaper industry. High wages in the newspaper industry has created a licence to print lies. That's a reflection of the wages in the printing industry - its a licence to print lies. And that reacts on us."

The complicity of the union chapels at the Beaverbrook London and Manchester offices in the Albion Street closure arrangements, was certainly of critical importance in restraining the effort to arouse the rest of the national newspaper industry unions in the struggle to keep the Glasgow office open. Jimmy McNamara explained further,

"Its an old socialist argument 'the greatest good for the greatest number', and we recognize that. I can recognize print union leaders saying, 'To save 8,000 Beaverbrook jobs in the South, its quite in order to sacrifice 2,000 Beaverbrook jobs in Glasgow.' And I can accept the Manchester workers attitude of fear. But for no one to do anything! In fact when we went to Manchester to ask them not to do the Scottish edition, to fight for the right to work, the answer we got was, 'You're asking Manchester to cut its throat to give you a blood transfusion!' We didn't see it as that, we reckon the blood was taken off us in the first instance! It was our work! And we said, 'We're trying to escalate the struggle! We say to the Beaverbrook Empire workers: Stand Up ! Be counted ! Fight for the right to work! Escalate the Struggle into the Print Industry! It didnae happen, it didnae happen. It didnae get off the ground. And there's no doubt in my mind, that it didnae get off the ground because arrangements had been made prior to the closure, and there's evidence that jobs were frozen in Manchester for certain sections. These are facts, jobs were frozen to accommodate some Scottish workers, jobs that were available for permanent employment, were not made available for the Manchester casuals to take, in preparation for the closure in Glasgow. Och, its not a practice you can criticize, it had happened every time before. It wasnae any different. But we maintain, that after the UCS situation - it is different. Now Honeywells, McClaron Controls, the factory in Eastleigh, Meriden, - there have been a variety of interpretations of the UCS struggle. Certainly not the same - Bryant Colour -

they're endless, they're no the same. But at least there's been something, and the common thread is - that no longer do workers accept the boot! They react in some form or another. There is a reaction regardless of redundancy money etc.... But nowhere yet has a newspaper closure been fought. Been criticized and argued about - but never been fought! "

National print union officials were unsympathetic to the idea of attempting to save Albion Street, and the Glasgow workers failed to either reach or convince the rank and file in the industry; many of the most militant chapels in the country only heard of the struggle in Glasgow when the appeal went out for money for the co-operative and the fight against closure had already been lost. (M.Buckingham, International Socialism 87, p.9). A final appeal from the Action Committee on the day of closure for a national 24 hour print strike fell upon deaf ears.

The Dilemmas of Reformism

To some extent the trade unions faced the same dilemmas as the Labour Government; how could they support a campaign to keep open the office of a newspaper which had unstintingly condemned them since its origin? The embarrassment was clear at a mass demonstration in Glasgow on the Friday before closure, the many militant trade unionists present were acutely aware of the ironic contradiction that they were supporting the maintenance of the reactionary Scottish Daily Express. But given the effectiveness with which the capitalist press had succeeded in conveying the idea that private ownership was a

vital prerequisite of press freedom, there was also no chance of the Labour Government agreeing to nationalize Albion Street. Any selective individual assistance would be guaranteed to raise the hackles of the proprietorial press. There were profound problems too, with proposals for a general press subsidy, as Jimmy McNamara argued,

"There must be some change, but I don't see any right thinking Labour Government subsidizing a press that is 80% in the hands of three groups. The national press is in the hands of three groups, and you can bring it right down to three men. I don't see a policy coming from any socialist government, on subsidizing the press in these circumstances. But what I do expect is that a socialist government would say - the more ideas, the more points of view, the more opinions, that are made available for people, the better. And I would expect them eventually to put printing presses at the disposal of the bodies in society that are representative of society. I'm talking about local government, trade unions, churches, these organizations that are representative of society, with representatives on the board, to control the printing plant, to control the running of the presses without direct government control. I don't want direct government control; not by a long shot. But I believe that the community, through its organizations, can participate."

Any such radical conception of a complete transformation of the existing press was remote from the vision of both Harold Wilson's Labour Government, and the national officials of the print unions. However, at

the time protracted negotiations had already begun between Benn's Department of Industry and the Triumph workers in occupation of their factory at Meriden, with the aim of establishing a worker's co-operative. Newspaper co-operatives were known to exist in France and Italy, the most famous being Le Monde which enjoys a large circulation. With the precedent of Meriden, and with the enthusiastic assistance of Benn, the Action Committee hoped to secure some public funds to help set up the Scottish Daily News Co-operative, despite the wariness of the government at becoming involved in the finances of the press.

The Occupation of Albion Street

Three days before the closure was due, Beaverbrook agreed to offer the proposed co-operative first option on the building and plant. It was assumed by Beaverbrook that there was little chance of the co-operative idea succeeding, but this gesture would soften some of the damaging publicity of the withdrawal which could have serious consequences for the future sales of the Express; besides, it was unlikely that there would soon be other potential buyers of the out-dated plant and large building, particularly since the Albion Street workers were determined to see that the building was only used in the future for newspaper publishing.

The emotional climax

of the closure came on the final night of publication, 28 March, 1974, when the Action Committee had removed a story from the front page, and replaced it with an angry and bitter appeal to the Express readers:

1. Considering the imperialistic thrust of the content of the Scottish Daily Express, Albion Street in which the Beaverbrook "colonial" newspaper office was situated had been very appropriately named.

"This is the last edition of the Scottish Daily Express as 570,000 know it. Taking its place on Sunday is an English version of the once-great newspaper. Printed in Manchester. Run from Manchester.

The cost has been almost 2,000 jobs in Scotland with all the misery that entails. This committee is determined to right that wrong. To make sure as many jobs as possible are safe.

To make sure that our many faithful readers in Scotland are not disappointed.

To this end the employees hope to start their own newspaper, one that will reflect the interests and thinking of its readers. Already the committee, which represents the employees' interests, has contacted the Government, unions and industry for their support. The reaction has been very encouraging.

Beaverbrook have offered their employees first option on the building and plant in Albion Street. The Government has promised us every assistance if the new venture is viable.

Having been denied the right of expressing the views of the employees until now, we call upon readers to keep faith with us. Give us your ideas and suggestions for a new newspaper."

However, this message, which must be one of the most significant communications between the workers of a contemporary national newspaper and the readers, if only because such communication is practically never allowed to occur, was stopped by the Beaverbrook management. Instead of over half a million, only 3,000 copies of the paper were printed, which was barely enough for the Albion Street workers to each receive a copy of their own appeal.

In annoyance, Beaverbrook withdrew their offer of first option on the building to the co-operative, and in response the Glasgow workers took up occupation of the building, not so much as a defiant act of protest and assertion of control that typified many similar factory occupations at the time, but rather as a bargaining counter to be used against an untrustworthy and conceivably reluctant vendor. Allister Mackie explained,

"The occupation of the building was necessary to establish a good working relationship with Beaverbrook. We realised we would have to purchase the building and wanted to look after the machinery. Beaverbrook agreed to the occupation, and the telephone, heating and lighting were paid for by Beaverbrook. Later when we were trying to negotiate a lower purchase price than the £2.4 million that Beaverbrook asked, they said someone else was interested. We did not accept this. Part of the argument was the 'buggeration factor' - 'if anyone else moves in, they'll get buggered around by the lads'."

And so members of the Action Committee and some of their keenest supporters bravely moved into the dark cavernous building with sleeping bags and food supplies to mount an around-the-clock guard on the premises which they felt to be their own by virtue of their past efforts, and which they saw as the key to their future employment.

Ron McKay and Brian Barr, in their vigorous history of the Scottish Daily News, have argued that it was a mistake, however inevitable it may have been, for the Glasgow workers to base their new venture at Albion Street:

"Looked at rationally the idea of taking over Albion Street made no economic sense. It would be expensive to keep up in rates and heating, it was several times too big for the proposed workforce, it would necessarily perpetuate an outdated production method. Any proprietor coming into the newspaper business for the first time would opt for a highly mechanized print system. But for the co-operative this would have meant a substantial retraining of production staff and even more redundancies. So that was not an option. And at this point, it must be said, the journalists who later came in for criticism by the rest of the workforce for failing to embrace the co-operative ethic, could have abandoned the rest of the workforce and set up their own newspaper, contracting out the printing to an outside firm. This possibility was investigated by the journalists and the costing indicated that they could produce a highly successful Glasgow evening paper; but the whole idea was abandoned in favour of solidarity with the rest of their unemployed colleagues." (1976, pp.40-41).

Certainly the building was too large for the proposed co-operative, and this accounted for the ghost-town atmosphere that existed throughout several floors of the building even when the Scottish Daily News (SDN) was in full production. But McKay and Barr miss out the essential reason why either a new building or a new production system was out of the question for the Glasgow workers: they were trying to establish a new newspaper on a financial shoe-string, and whatever government assistance they could secure, they realised would be an absolute minimum. The virtue of the old building and old plant at Albion Street was that both

could be obtained, it was thought, quickly and cheaply. Probably loyalty to their colleagues was an important element in the motivation of the journalists, but there were other factors also. A conventional newspaper division of labour at the SDN whatever innovations were made in the control of the co-operative, presented opportunities for hierarchy and status which would be missing in a streamlined journalists' co-operative, and in this respect the journalists were as motivated by traditionalism, and perhaps less defensibly, as the manual workers who wanted to work at their traditional skills. A new evening paper with contract printing could not employ as many journalists as the SDN potentially could, and more importantly, there would be little scope to expand and develop other newspapers, which Albion Street left plenty of room to do. Furthermore, the new paper would need public and trade union support to succeed, which it might lose if the journalists had split from the manual workers with the resulting acrimony. Finally, though a few of the journalists made an important contribution to developing the concept of the SDN co-operative, and of the journalists revealed some flair for fund-raising and publicity, most of the initiative, resourcefulness and determination, which sustained the enterprise through a disheartening series of complex developments and interminable delays, came primarily from members of the manual unions. It is unlikely that those journalists who remained at Albion Street committed to the idea of launching an alternative paper, could have created a successful newspaper on their own, even using the most cost-efficient methods of production available. In the last analysis the solid, imposing edifice of the black-glass Albion Street Beaverbrook building provided indispensable backbone in the fight to create the Scottish Daily News for both the journalists and manual workers alike.

The Action Committee

During the occupation, and throughout the long struggle to erect the co-operative, the role of the Action Committee was of critical importance in providing inspiration and both political and practical direction. The committee was an 8 man nucleus, drawn from the larger Federated Chapel which represented the 25 different union chapels in Albion Street, although under the pressure of work it was soon expanded to 17 members. Though they were all experienced trade unionists, several members of the Action Committee were surprisingly limited in their political consciousness and experience given that it was they who were to provide political coherence to the campaign.

The Action Committee

<u>Name</u>	<u>Union FOC</u>	<u>Occupation</u>	<u>Worker Director of SDN</u>
1. Allister Mackie	SGA	Compositor	Chairman
2. Jimmy McNamara	AUEW	Engineer	(Director)
3. Charlie Armstrong	NGA	Stereotyper	(Director)
4. Ronnie Gibson	APEX	Librarian	
5. Jimmy Lindsay	SGA	Process Engraver	Director
6. Andrew McCallum	NUJ	Sub-Editor	
7. Nathan Goldberg	NUJ	Sub-Editor	(Director)
8. Alister Blyth	NGA	Stereotyper	Director

Allister Mackie had been Father of the Federated Chapel at the Express for nine years, and became chairman of the Action Committee, and later of the SDN co-operative. Brought up in a strong Labour Party

family, Mackie was cautious of the political shortcomings of some members of the committee, and of the majority of the workers:

"At that time there were only two political activists on the committee - a Communist Party member and a Labour Party member. Both were long time party members with a long history of political activity and experience. In addition there was a former Labour Party member who had had a brief experience in politics and a former Young Communist League member. The majority of the committee were Labour sympathisers with perhaps two or three SNP sympathisers included. They reflected the non-political attitudes of the print unions and seemed unlikely to survive in the totally political situation they were swinging towards. However, the political backbone of the committee was strengthened by the co-opting of a financial journalist who had the required political awareness, backed by a specialist knowledge of economics. Thus composed, the Action Committee bravely and optimistically set its face to the future but with the political element harbouring misgivings about the chances of success of launching the paper and fearful of the apolitical outlook of the majority of the workforce". (Mackie, 1976a,p.2).

In the first month after the closure, much reliance was placed upon the activities of a Working Party established under the chairmanship of the Lord Provost of Glasgow to explore the possibility of a new Scottish newspaper. The Working Party was convened on the 16 April 1974 and had two further meetings in the following two weeks. It was composed of twenty representatives: five officials of the City Council, including the Town Clerk, Solicitor and Surveyor; five academics from

the Chesters Management Centre of the University of Strathclyde; Sir Hugh Fraser and two other executives from Outrams Ltd; two civil servants from the Department of Industry; the joint managing director of the Bank of Scotland; and an advertising company managing director. Only two members of the SDN Action Committee were present, together with one of the committee's financial advisers. (University of Strathclyde, 1974,p.3). Whilst such an august body of men might have contributed considerable dignity to the examination of the SDN proposals, and may have been very competent to judge the fortunes of a conventional newspaper; since the SDN was unorthodox in both the manner of its arrival, its proposed management structure and its intended editorial appeal, it would be difficult to imagine a more ill-suited group of men to assess the SDNs potential: drawn uniformly from the higher salaried professions they were being asked basically, to decide the appeal of a newspaper conceived by workers to be read by workers. The major proposal to emerge from the deliberations of the Working Party was to commission a feasibility study of the SDN by Chesters Management Centre jointly with the Department of Industry. Soon the SDN workers were to greatly regret investing their hopes in the proceedings of a professional Working Party, and relying upon a group of management consultants to produce evidence in support of a worker controlled newspaper.

Meanwhile the garrison at Albion Street was becoming exhausted: as in some other occupations the commitment came from a minority of activists, though at the SDN Charlie Armstrong maintained, these were few in number,

"During the sit-in we were lucky if we had 40 people in at any given time. Our weakness was the workpeople. Only 70 or 80 people were really involved. I believe that is why the national unions were reluctant to help - they thought our own workforce was weak."

Beaverbrook extended the deadline they had given the Action Committee to vacate the Albion Street building from April 19 to April 30, and at this point the committee took the agonizing decision to abandon the Albion Street building and move across the road to a group of large huts the Express circulation staff had used, thereby losing control of the object of their aspirations, but acquiring some commercial legality. Allister Mackie defended this critical step,

"In the negotiations with Beaverbrook we agreed to move out of the building to adjacent huts with free access. We had been spending half our time looking after the occupation and only half our time setting up the new paper. It was a difficult decision for the Action Committee but it brought a sense of relief, as we could now concentrate on setting up the paper. We'd been sleeping on the floor in the factory, which was not the best way to prepare for a day's work".

Another crucial ideological shift which accompanied the move to the huts was the new focus upon creating a viable newspaper rather than saving jobs as the first priority, as Allister disarmingly put it :

"One of our problems at first was that we had anticipated having a newspaper to employ 'X' number of employees, we worked it out at 600, and I think this is one of the basic

mistakes we made earlier on. As one of the metamorphoses, one of the few that we had to pass through, we had to stop talking in terms of saving 600 jobs, we had to start talking in terms of creating a viable newspaper which would create so many jobs. So instead of saving jobs we had to talk about creating a newspaper."

However these developments may be interpreted far more critically: the end of the occupation formally signified the end of the fight to save 1,800 jobs. The co-operative was originally conceived as a vehicle that could save jobs: the new emphasis on viability was part of an insistent, and ultimately overwhelming pressure, under which the political struggle of the SDN was subdued and commercial considerations became paramount. These considerations were to dictate that whatever was to emerge from the SDN co-operative, it would certainly not be a newspaper dedicated to the ideals of class struggle. The legalistic and sanitized account of the occupation contained in the submission for assistance to the Department of Trade, however translated, was a clear indication of the direction in which the SDN was travelling:

"We had remained in the premises at Albion Street after 30th March, 1974 with the approval of Beaverbrook Newspapers Limited and during this time our representatives had entered into discussions with Beaverbrook Newspapers Limited's management for the purchase of Albion Street.

The Management of Beaverbrook Newspapers Limited were helpful in granting certain options to us to remain in the premises at Albion Street whilst we were attempting to finance the project, but due to their desire to close down

completely the premises in order to reduce the running costs thereof, it was agreed that we would move to temporary premises provided by Beaverbrook Newspapers Limited in Albion Street and that Beaverbrook Newspapers Limited would grant to us first option to purchase by 30th June 1974 the premises including the car parks and plant and machinery at Albion Street for a sum not exceeding £2,550,000.

We are conscious of the assistance which Beaverbrook Newspapers Limited have given us."

(Scottish News Enterprises Limited, 4 June 1974, p2)

THE FOUNDING OF THE SCOTTISH DAILY NEWS

With the occupation ended, and the preparation of the SDN enterprise begun in earnest, the first major commitment that the majority of the future co-operative workers were asked by the Action Committee to make was to contribute a large proportion of their redundancy payments into a trust fund, which would later be repaid to enable them to subscribe to shares in the new company. The collection for the trust commenced on 8 May 1974 and by the 10 May £167,875 had been collected. Contributions continued, and by June when the submission for government assistance was made £212,080 had been raised, with promissary notes for a further £25,150. (SNE, 1974, pp2-3)

A commitment of well over £400 per man, (£400 became the required minimum shareholding for SDN employees), seems very impressive, until it is realised that Beaverbrook paid out £3.9 million in redundancy and severance payments to 1,850 staff. If an average sum had been paid to each man this would have been over £2,000, however redundancy and severance payments are based on previous earnings and length of service: therefore the older senior journalists would have received more than double this amount, whereas the younger print workers would have received less than half. The contribution to the trust fund was a substantial financial commitment for most of the workers involved therefore, and swallowed up about half of the redundancy money of some. Moreover although they did not fully appreciate it at the time, the workers all

had ahead of them a bleak winter of unemployment which stretched into 13 months of living on the dole. Though about £50,000 was withdrawn from the trust as a number of workers found jobs and some drifted away, this was replaced by other contributions, and by the following December £210,000 was still in the fund. Throughout the campaign the amount of money in the trust served as a barometer of the workers' morale, and an indication of the seriousness of their purpose.

The Chesters Report

The first damaging blow to the workers confidence in the SDN venture came with the revelation of the findings of the Chesters Management Centre feasibility study published on 14 May. The study had been hurriedly completed within a month and comprised a small market survey, an analysis of financial estimates, and an examination of the proposed management structure of the SDN. The central conclusion of the report was quite dam ning:

"In spite of the attractions of the concept of workers participating in ownership of the company, the "Scottish Daily News" is not a feasibility so long as the Scottish Daily Express continues to be published."

(University of Strathclyde, 1974,p9)

The significance of the report was that, whatever its weaknesses and shortcomings, the findings it offered were consistently taken up and used as evidence against the viability of the SDN, particularly by the Industrial Development Unit and the Industrial Development Advisory Board of the Department of Industry. Though several other reports were prepared, with sharply different findings and conclusions, the criticisms of Chesters' dogged the SDN throughout its life. Understandably, the SDN workers did not feel especially endeared towards, or impressed with, the work of the Management Centre: Allister Mackie expressed their feelings about Chesters,

"They didn't know the first thing about newspapers.

It was not a sweet shop we were proposing to run, or even nuts and bolts we were going to sell. A newspaper is different - you can't simply say 2 and 2 makes 4 as far as potential circulation goes. Strathclyde were well meaning, but they were amateurish. The day before the report was due, they came to us and asked, 'How do you work out advertising revenue?' We were amazed. That was half the money involved!"

There were certainly a number of serious weaknesses in the Chesters report. The fact that it had been hastily conducted was unavoidable, but later official interpretation of the report should therefore have been cautious, especially since several other studies were available, including the impressively detailed Action Committee submission prepared with the assistance of professional accountants and PA management consultants. The Chesters report was cobbled together by Allan Gay of the Management Centre from several discrete contributions of various members of the Lord Provost's Working Party into a rather flimsy whole.

However there were a few threads running through the report: the assumptions that the SDN should be an orthodox popular newspaper; and that whilst making concessions to worker involvement, the management authority and role should be as conventional as possible.

It is a research truism that the answers you get depend upon the questions you ask: the questions to be answered by Chesters were well skewed in a particular direction:

1. Is there a market for a newspaper to compete in the popular press range?
2. Could this newspaper attract sufficient advertising to make an adequate contribution to revenue?
3. Would it be possible to publish a newspaper to compete in the market?
4. What would be the minimum staff required to publish a newspaper?
5. How much money would be required to float a newspaper?
6. What would be the management structure?
7. Could the paper be produced at a profit?

(University of Strathclyde, 1974, p.2).

It was therefore inevitable that the findings of the Chesters investigation would emphasize competitiveness in strictly market terms, and that any consideration of the special characteristics and appeal of a workers paper would be formally excluded.

Indeed, the assumption throughout the market survey, conducted by Research Surveys of Great Britain Limited (sic), was that the editorial content of Britain's first worker controlled newspaper would closely resemble that of the Express. When "the idea of a new newspaper" was first introduced in the questionnaire, respondents were offered the following, somewhat less than splendid, choice of statements:

Response

- | | | | | |
|----|--|-----------|-------|-----|
| 1. | "The Scottish Daily Express will continue to provide the same service to Scottish readers as it always has done". | | . . . | 22% |
| 2. | "There is a need for a new daily newspaper in Scotland to provide the same service formerly provided by the Scottish Daily Express." | | . . . | 55% |
| 3. | "Don't know/Neither". | | . . . | 23% |

(p.12)

When the questionnaire attempted to describe the editorial content of the SDN, it succeeded in constricting the description into purely geographical terms:

"A new daily newspaper concentrating on Scottish News and also covering British and international affairs.

Besides covering Scottish events in general, it would also report news in your own locality." (p.12).

Having discussed attitudes towards the Daily Express, and presented an apolitical editorial description of the SDN, respondents were then asked whether the SDN should be "a little more right wing", "a little more left wing", "about the same", or "no preference", compared to the Express. Predictably, given the fact that an answer to the question had already been provided in previous questions - "There is a need for ... the same service"... , people predominantly said "about the same" or "no preference". The researchers ignored the fact that since the extinction of the Daily Herald a decade before, no mass circulation radical newspaper has existed; therefore, without adequate explanation, many people could not be expected to appreciate that the SDN could be different to the rest of the popular press. When the survey encountered considerable public sympathy expressed for the redundant

Albion Street workers this was defined as an "emotional response" and deemed to be an unreliable indicator of support for the new paper. (p.15). The surveys main editorial recommendations were mind-blastingly unimaginative: Scottish news; sport; and the "political outlook should be much the same as the Express". (p.16). The full extent of the researchers conflation of the Express and the SDN was pointed out by Jason Crisp:

"Market research has been somewhat erratic and unscientific. Strathclyde University conducted a survey with a sample of 500, showing a copy of the Scottish Daily Express with the Scottish Daily News masthead pasted on, ignoring the fact that the SDN was using a different format and taking a different editorial stance." (1975, p.21).

The circulation predictions were the second major weakness of the Strathclyde survey. Firstly, the respondents were asked how interested they were in reading the SDN: despite the fairly uninspiring description offered of the new paper, 34.5% of people interviewed said they were "very interested" and 33.5% said they were "fairly interested, a total of 68%. As Joe McGowan the FOC of the Scottish Graphical Association at Albion Street pointed out in his detailed analysis of the Strathclyde report, the "very interested" 34.5% of the sample above would mean 517,500 people in the Scottish morning newspaper market, taking the survey's estimate of 1.5 million households. (In fact about 1,750,000 morning newspapers are sold in Scotland). (SNE, 1975, p.21). When respondents were asked how likely they were to buy the new paper: 13% said they would definitely; 16% said probably; 18% said most days; and 27% said occasionally; a surprising total of 74% of the sample. At the outset the survey declared, "It must be emphasised

at the start that the market study cannot provide a prediction of circulation and readership levels - these depend very much on the characteristics of the newspaper itself. What research can do is to give an indication of the level of interest in the concept and to describe some of the characteristics of the prime market." (p.10). But in its estimate of circulation, the survey ignored the remarkably high degree of interest in the paper it had discovered, and proceeded by a method of pessimistic reductionism to produce the circulation projections which it had previously said was impossible to do. Respondents were asked how likely they were to buy the new paper and were given a wide selection of replies, but in estimating the probable circulation from these responses Chesters chose to ignore all except the 13% who said they would definitely buy it or have it delivered every day. Not satisfied with this, Chesters broke down the "definites" into those who would buy the paper "instead of" or "in addition to" their present paper. Chesters confined their projected circulation to those who would definitely buy the paper instead of their present newspaper, 8% of the sample, giving a dismal total circulation of 120,000. Joe McGowan reworked the Chesters figures and produced more optimistic results:

Table 2 Circulation Projections for the Scottish Daily News

<u>Likely Purchase of New Newspaper: % of Chesters Sample¹</u>	<u>Circulation Projections</u>	
	<u>McGowan</u>	<u>Chesters</u>
Definitely	13%	
i. instead of	8%	120,000
ii. in addition to	5% (if ½ buy)	37,500
		(75,000)
		(195,000)
Probably	16% (if ½ buy)	60,000
Most Days	18% (if 4 days out of 6)	180,000
		0
		0

Occasionally	27%	(If 1 day a week)	67,500	0
<hr/>			<hr/>	<hr/>
TOTAL CIRCULATION			465,000	120,000

1. 1% of sample equivalent to 15,000 circulation if total market 1.5 million.

(Source: Derived from: University of Strathclyde, 1974, pp 13-16; J.McGowan, Analysis of Strathclyde Feasibility Study, n.d., p.2).

In fact the 8% of the total sample of 521 people who said they would definitely buy the paper instead of their existing newspaper consisted of 39 people, which reveals the ridiculously small size of the sample and the implausibility of basing any accurate predictions upon it whatsoever: yet Chesters were prepared to make sales forecasts on the basis of 39 responses, which even on their own pessimistic daily circulation of 120,000 copies amounts to an annual total of 36 million copies. Richard Briston, the Professor of Accounting at Strathclyde and adviser to the SDN, said at the time that the analysis of circulation was "ultra-cautious" that from their figures it could well have been calculated at 500,000 and that "naive" was the kindest word for the survey. (Crisp, 1975, p.21). Yet the IDU report of the Department of Industry treated Chesters prediction of 120,000 as the most probable circulation and made several references to the "professional market survey" conducted by "a member of a large and reputable consumer research organisation." (SNE, 1975, pp 21-3). The leader of the research team, Allan Gay, also stoutly defended their "professionalism"

In fact the market survey was based on nothing more professional than uninspired guesswork, and the

Chesters analysis and conclusions were based on nothing more rigorous than pessimism at the prospect of entering a crowded market with a new product.

The conservatism of the Strathclyde report became clear in its consideration of the proposed management structure of the co-operative. though perhaps it was asking a little too much to expect management consultants to provide a blueprint for workers control. The report envisaged a policy committee comprising equal representation of investors and workers together with the general manager and assistant general manager, and an independent chairman, therefore giving a majority of representation to the investors and management. Policy formulated by the committee would be implemented by a general manager who would be the chief executive and responsible for corporate planning, the report maintained, "the general manager must be "of a very high calibre, and his salary should reflect this". (p.33). A middle management team including chief editor, would have wide executive responsibilities. Finally an advisory committee composed of elected representatives from the chapels would be able to make recommendations to the policy committee, and advise middle management on day to day problems. This seems to be a plan for workers participation and management control, and the report endorsed this idea:

"We consider there should be clear and agreed definitions about the scope and subject of advice which the advisory committee is expected to give to ensure the retention of the best features of conventional supervisor/worker relationships ... We have suggested a management structure that could give an opportunity to blend worker involvement with management authority and should provide a framework for

company goals to be planned for and effectively worked towards." (pp.33,40).

The management structure proposed by the Action Committee was far more ambitious. "Overall management", including company policy and direction would be in the hands of the Works Council composed of management and workers, with workers in the majority. The general manager and middle managers would not be restricted, but at all times would be answerable to the Works Council. Emphasis was placed on the importance of a disputes procedure to resolve any remaining grievances with the Federated Chapel playing a central role. Finally a Representative Council of FOCs and middle management would consider day to day production problems, with the right to make decisions, though not contrary to those of the Works Council. The Chesters report could have focussed upon the obvious contradiction, which was to have constant repercussions at the SDN, between having "no restrictions" upon management, and management "at all times" being answerable to the Works Council. But instead the report simply wheeled out the traditional management arguments against democratic control:

"Our view of this type of management is that there could be an excess of committee discussion when action is needed.

The day to day running of a business such as a newspaper demands rapid decision making often in uncertainty. The decision may be a choice of one of several alternatives and once it has been made it is probably implemented so rapidly as to preclude any second thoughts. In such circumstances group decision making can at the best be time consuming and at the most, time

wasting and ineffective. The manager at top and middle level must be confident that he has the authority to make decisions accepting, of course, his accountability for the quality and results of his decisions." (pp. 35-6).

Since both circulation and advertisement revenue were basically imponderable factors, the Action Committee felt, with some justification, that the root cause of the Chesters report's opposition to the SDN project, and the reason for later official hostility, was essentially the unconventional democratic management structure proposed for the enterprise. (Mackie, 1975, p. 119).

The report ended with all the dynamic articulation management consultants can command: "The aim of a feasibility study is to provide a positive recommendation to enable a 'GO/NO GO' decision to be made. The final responsibility of making the 'GO/NO GO' decision rests in this case with the Workers Action Group for whom the Lord Provost commissioned the feasibility study." (p. 37). As far as Chesters themselves were concerned, they made it perfectly clear that they regarded it as a "NO GO decision": "The conclusion to which we have come is that the Scottish Daily News could not succeed as a self-sufficient enterprise." (p. 41). Thus Chesters was prepared to condemn the jobs of 500 men on the flimsiest of evidence. Chesters assessment that the SDN was unviable stimulated the official antagonism and commercial scepticism consistently directed at the cooperative, which made it difficult to get investment and advertisement revenue, but the damage did not end there: a considerable influence was exerted upon the editorial, manning, and pricing policy of the newspaper in the attempt to meet some of the central criticisms contained in Chesters, which

was to have serious consequences in the future. The influence of the report itself constituted one of the biggest problems that the SDN workers had to overcome. A developing irony at the SDN was that many of the predictions of Chesters were to prove uncannily accurate, though, as is often the case with surveys, for entirely the wrong reasons.

The Arrival of Robert Maxwell.

A distinguishing feature of the SDN campaign was that it derived support from the most unlikely quarters, whilst being largely neglected by those organisations one might have expected to be sympathetic towards the ideal of a co-operative newspaper. Realising the enormity of the task of raising sufficient finance for the newspaper launch, the Action Committee were fairly indiscriminate in who they approached to request assistance. Among those approached were various Scottish and "left" millionaires. Most responded with little more than sympathy, but Robert Maxwell, the chairman of Pergamon Press and ex-Labour MP, seized the opportunity to become involved. Robert Maxwell "was a self-made man with, certainly, a large measure of regard for his creator". He repeated frequently that in helping the SDN he was "interested in nothing else except the political mileage." (McKay and Barr, 1976, p.9). However, Maxwell had long held an ambition to expand into newspaper publishing, and had made several abortive attempts to take over newspaper companies, including a bid to take control of the News of the World organisation in 1968. Though Maxwell's prodigious efforts in book publishing had met with considerably more financial success; in the early 1970s the affairs of his publishing

companies were the subject of a prolonged investigation by the Department of Trade and Industry, after the failure of merger negotiations with the Leasco Data Processing Corporation of the United States when they became suspicious of inflated profit figures for Pergamon Press. The massive DTI report was finally published in 1974, and contained scathing comments about the standard of Maxwell's stewardship. Maxwell's political career also suffered a considerable setback, when he lost his Buckingham seat in the 1970 general election, and failed to regain it in 1974. But by 1974 he had managed to claw his way back into control of Pergamon, and the SDN provided an exercise in which Robert Maxwell could fulfill both his commercial ambitions to become involved in national newspaper publishing and his political aspirations to restore his lost credibility within the Labour Party.

Maxwell's first, and most important, gesture of support to the SDN was to offer 50 pence for every £1 which the SDN workers themselves invested in the enterprise, which he later changed to a maximum of £100,000. This had a considerable morale boosting effect at Albion Street, but also was to secure Maxwell unlimited amounts of free publicity, since every time the SDN campaign was mentioned in future press reports it was linked to the generosity of Maxwell's offer. Maxwell also offered practical help in recruiting Professor Richard Briston, the head of the accountancy department at Strathclyde University to advise the co-operative on financial matters; and in obtaining the services of Michael Cudlipp, a journalist and consultant, to advise on editorial plans. When he heard of the critical contents of the Chesters report, Maxwell travelled up to Glasgow to insist that the report should be scrapped, and said that the situation had changed dramatically since a man with his commercial experience and

connections had become actively involved in the project. (The irony was that it had, but not in the way Maxwell meant. Before the Chesters criticism of the lack of management structure and the potential authority conflict at the SDN could be dismissed as speculation without foundation. With Maxwell involved, friction between the co-operative structure and his dominating entrepreneurship became a certainty). As McKay and Barr maintain, "Robert Maxwell was singularly well-qualified to assess the impact of unfavourable official reports." (1976, p.43). The most important tactic adopted to minimize the effects of the Chesters report, was to complete and publish first a parallel study prepared by French and Cowan, a Glasgow firm of chartered accountants in which professor Briston was a partner. The French and Cowan report, presented detailed financial projections, concluded that the SDN could be profitable with a circulation of 240,000 and 40% advertising content, and was to form the basis of the company's application for assistance under the terms of the Industry Act. The workers at Albion Street, determined to prove the extent of public support for a new paper, conducted their own market survey in May and June. People were asked if they would sign a form stating that they intended to buy the new newspaper for the first three months after publication, and of the 180,000 people asked, 153,000 signed. (SNE, 1975, p.13). This method of assessing interest has been dismissed as "unscientific". (McKay and Barr, 1976, p.43). But the high level of interest discovered has some relation to that found in the Chesters survey, and since the SDN sample was 350 times larger than the Chesters sample, it should have carried some weight.

The SDN Submission for Assistance.

Drawing the accumulated material together, the Action Committee lodged their forty page submission for assistance with the Department of Industry on 4 June, 1974. The submission gave a brief outline of the events of the closure, and the subsequent negotiations with Beaverbrook. Then followed a rather restrained consideration of the Chesters criticisms, stressing the "need for an independent Scottish newspaper tied to no political party to off-set the three major national groups." (SNE, 1974, p.4). The decline in the circulation of the Express since the move to Manchester was pointed out, and the expectation that a circulation of 200,000 - 250,000 could be readily obtained, together with sufficient advertising revenue. A full analysis of projected revenue and expenditure by weeks was presented in order to arrive at an estimated short term peak working capital requirement of £800,000, necessary to finance initial costs, costs incurred before revenue was received, and costs incurred due to the terms of credit. At a circulation of 250,000 the estimated trading account showed a loss of £30,665 in the first year, a profit of £404,040 in the second year, and a profit of £390,894 in the third year. Analysing profitability at different levels of circulation the following conclusion was reached :

"Based on our assumption it can be seen that at present cost levels including a 10% addition to wages to take account of the imminent national wage award the company would break even at a circulation of 200,000 as far as the equity shareholders are concerned and at the same circulation it would show a return on overall capital employed of 7.6%.

If 250,000 circulation is achieved there will be a return on overall capital employed of 18.7%. If we were to assume pessimistically that newsprint would increase in price by 10% and that we were unable to increase our cover price to compensate for this, we would still show a reasonable return at the same circulation. We would stress that we regard these figures as realistic though erring on the side of caution with contingencies built into the estimates at all levels. We are confident that the newspaper would break even on a circulation of 200,000. If a circulation in excess of 250,000 could be achieved, (as we believe possible) the new company should be a highly profitable enterprise." (p.11).

A further series of computations estimated cash flow in the first year of operation, assumed that the full anticipated level of advertising would not be attained until the end of the fourth month, and that there would be a cumulative monthly deficit until then, when a monthly surplus would begin to reduce the deficit until it was almost eliminated by the end of the year. (Unfortunately, the SDN the following year never overcame this critical financial watershed, but collapsed at the end of the sixth month).

The submission then outlined the capital requirements of the SDN and the proposed method of financing, commenting that, "The nature of the proposed capital structure may be variable and will depend on the attitude of the various institutions which we intend to approach". (p.20).

Table 3 Capital Requirements and Proposed Capital Structure
of the SDN

A. Capital Requirements

Buildings and Car Park - to be			
purchased from Beaverbrook Limited			£1,750,000
Plant and Machinery - to be			
purchased from Beaverbrook Limited	£800,000		
Additional items -			
Metal	...	40,000	
Microfilm Equipment	...	10,000	
Contingency Reserve		<u>100,000</u>	
			950,000
Working Capital	<u>800,000</u>
			<u>£3,500,000</u>

B. Proposed Capital Structure

Loan from Department of Industry			£1,750,000
15% Loan Stock			500,000
Employees' Shares			50,000
'A' Ordinary Shares			
Estimated contribution from employees	£200,000		
From other sources	<u>£1,000,000</u>		
			<u>£1,200,000</u>
			<u>£3,500,000</u>

(Source: SNE, 1974, p.20).

Finally the submission contained a precis of the articles of the company Scottish News Enterprises Limited and a copy of the company memorandum, which was incorporated on 30 May 1974 to operate the newspaper. The 'A' ordinary shareholders of the company would have the right to elect an Investors Council with limited veto powers over financial matters, which in turn would elect two of its members to the Executive Council. The EC would be the policy-making body of the company:

"The Executive Council will be composed of six representatives of the employees shareholders, the editor and General Manager and two representatives of the Investment Council and will not be a forum for employee/investor confrontation. It is our intention that the combined resources which will be brought to the Executive Council by its members will help in the effective running of the new newspaper. We are fully seized that we require the assistance and guidance of the investor shareholders and plan that the Executive Council will manage the Company for the benefit of all shareholders." (p.21)

(The articles did not pursue the question of how the EC would manage the company to the benefit of all shareholders, when the majority of the EC members (the workers representatives), would be representing a minority of the shareholding, and possibly a minority of the shareholders. But in the event, due to changes in the capital structure, this problem did not seriously arise). The significant classes of the articles of association outlining the rights of the 'A' Ordinary Shares and the Employees Shares were :

a.(i).d. "The holders of the 'A' Ordinary Shares will have no voting rights in the Company in General Meeting save with regard to a Resolution altering or purporting to

alter the rights attaching to 'A' Shares" (p.23).

a.(iii).e. "It should be noted that, as outlined above, the Employee shares carry no dividend rights, will have deferred rights on the liquidation of the Company and will attract no capital appreciation in the period during which they are held." (p.24).

In the memorandum of association, the language of the stockbroker and accountant, which must have been obscure enough as far as the majority of the SDN workers were concerned, gave way to the even more alien, impenetrable, and possessive, language of the commercial lawyer, thus the third object of the company was supposedly:

"To acquire any shares, stocks, debentures, debenture stocks, bonds, obligations, securities, life and sinking fund policies, annuities, mortgages or charges or other property (heritable or moveable, real or personal), by subscription, syndicate, participation, underwriting, tender, concession, grant, purchase, exchange, or otherwise, and that either conditionally or otherwise, and to guarantee or underwrite the subscription thereof, and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof." (p.26).

The memorandum continue with this almost orgiastic litany of commercial crap for six pages: one can only conclude that they seem rather odd objects for a company based on a workers co-operative to pursue.

In its concluding remarks the submission stressed the editorial concept of the newspaper, financial feasibility, experiment in worker control, and provision of employment. Editorially the paper was to be a national Scottish newspaper, as distinct from a Scottish nationalist newspaper, and sensitive to the regional variations within Scotland:

"The concept of the new newspaper is as we see it that it will be a national Scottish newspaper. We envisage three main and two sub editions initially. The first edition will be for Glasgow street sales, Aberdeen and Inverness, the second for Perth, Dundee and Fife, and the third for Edinburgh, Lanarkshire and Glasgow. We envisage each edition will contain local news for the area to be covered by that edition. We also feel that printing in Glasgow will give us the advantage of later Scottish and world news coverage than papers printed in England. The committee has agreed that the paper should be politically independent and should reflect all shades of opinion". (pp.33-4).

On feasibility a rather laboured tone of caution was adopted:

"We have fully covered all contingencies that may arise and in the interests of producing a document which is reasoned have been rather over conservative. This we believe is not altogether a disadvantage as it shows the responsible way in which we have considered this project and which would show in the running of the new newspaper."

Yet financial conservatism seemingly combined with a revolutionary management structure:

"In our opinion the projected management of the newspaper is in advance of anything at present in operation in either Britain or Europe. We believe that the concept envisaged in the control of the Company will be adopted by more and more companies and that the attitude which we have adopted towards the project will serve to prove that the concept can be accepted for the benefit of investors and workers."

Finally it was pointed out that in funding the venture, instead of paying unemployment benefits, the state might actually save money:

"We feel that the support of this newspaper will maintain the employment of around 500 skilled persons mainly in the West of Scotland. This we feel to be a wholly worthwhile reason for supporting the paper in that the costs both financial and social which would be met by the State if these workers were not employed far outweigh any cost involved in the new project."

In the last sentences of the submission, how crammed with contradictions was the SDN enterprise became revealed:

"We do not seek to conceal any problems which may arise in the project but we consider that we have proved that the new newspaper could be viable and that it will also have great social implications not only in the method of organisation but also in the fact that it will be an independent non-political Scottish newspaper operating commercially." (pp.35-6).

The SDN was to discover the hard way how difficult it is to be "non-political", and to remain independent while operating commercially.

Assistance and Antipathy

One of the important reasons for the professional precision of the SDN submission, and for its apolitical orientation, was the central role Professor Richard Briston had in compiling it. Briston immediately impressed the Action Committee with his competence and energy, quickly became the most trusted adviser of the SDN, and played a decisive part in the negotiations with both Beaverbrook and the government. Similarly other professional people took an interest in

the co-operative as an innovatory and worthwhile experiment, and offered their services in assistance. For some the co-operative was an object of academic interest, others recognised the possibility of developing consultancy work, but for a few the commitment went deeper, as Richard Briston explained:

"This is a unique opportunity for adopting the experiment of workers control for it is probably the first occasion when there has been simultaneously a group of unemployed workers with capital to invest, with an available project which they believe to be commercially viable to the extent that they are prepared to take the ultimate risk involved in holding the equity of the company, and with a proven record of managerial skill and responsibility."

The professional and managerial contribution had a significant influence upon the shape and direction of the SDN, and as Allister Mackie lamented, "We were inundated with professional help that didn't cost anything. But we received hardly any help at all from the official trade union movement. This is a serious criticism of the TUC."

Although professional consultancy was freely available to the co-operative, hard cash from the financial institutions proved immensely more difficult to come by. French and Cowan, the SDN accountants, and Boyds their lawyers, prepared a draft prospectus which would be used to raise the necessary finance and approached two leading Scottish merchant banks to ask their assistance in raising the money. But both banks refused, one claiming a conflict of interest, and the

other "that having taken soundings in the market there was no prospect of raising the funds required on the terms envisaged." A number of other Scottish merchant banks were approached without success. In mid-June Richard Briston convened a meeting of representatives of Scottish merchant and joint stock banks and other prominent Glasgow businessmen where he outlined the difficulties that the SDN was encountering in raising the finance and asked for positive support and suggestions.

"The views expressed at that meeting were that whilst there was a great deal of public sympathy for the new newspaper which might be converted into hard cash if some form of public issue was undertaken, the Institutions as such felt that due to pressure on funds at the time there was little any of them could do to assist the project."

(Letter from French and Cowan to Allister Mackie, 2 August 1974).

Briston therefore felt that it was essential to obtain government backing for the project, and that on receiving this, the raising of alternative finance would prove considerably easier. When the government offer of funds was received in mid-July it was felt that the project could be initially financed by short term borrowing, if possible secured on the premises at Albion Street, which would eventually be repaid by a share issue when the newspaper had proved itself. Two of the leading joint stock banks were approached on this basis, but again both felt unable to assist, one due to lack of availability of finance and the other due to their view that the project was non-viable. After negotiating a considerable reduction

in the selling price demanded by Beaverbrook, and reducing the capital required by £1 million, the Co-operative Bank was asked for an overdraft to meet a possible shortfall of funds secured on the Albion Street premises on a short term basis; also the merchant banks were approached again to re-appraise them of the situation and ask them if they were prepared either to invest money in the project on a short term basis, again secured over the property, or to find such finance; finally the insurance companies were contacted with a view to them investing on a loan basis secured on the property. All of these financial institutions refused to assist in any way. Richard Briston concluded from the whole wearying experience:

"During the past seven months it has become clear that there is no easy source of finance available for workers co-operatives. Financial institutions and trade unions rival each other in their degree of conservatism. Many of the institutions which were visited made it clear that they regarded the workers as Communists, while the unions argued that workers in co-operatives would see themselves as managers rather than workers. In fairness, both groups were discouraged by the adverse recommendations of the Strathclyde Report and the Industrial Development Unit Report and took no account of the very strong argument which the workers advanced against these reports." (Accountants Weekly, 13 December 1974).

Trade Union Ambivalence

The attempt to gather trade union support and investment was handled by the union activists on the Action Committee, and understandably, if

a little ironically, their appeals were phrased in rather different terms to the applications for assistance to the major banks. Jimmy McNamara declared:

"The development of this paper is important, not just for the right to work, but to establish the right of workers in the print industry to control their newspapers. It is also important socially for the Scottish people in breaking the trend toward the concentration of news gathering and dissemination in the hands of the big monopolies, and providing an independent source of information and comment."

(Morning Star, 28 June 1974).

However if the attempt to appease the established financial institutions of the managerial propriety and editorial orthodoxy of the SDN failed, so too did the attempt to convince the trade unions that the SDN would be under workers control and could offer valuable editorial defence and support for the union movement. It was significant that it was only after all the financial institutions had refused to help in any way that the SDN turned directly to the union movement as the only remaining source of finance. In the SDN appeal for investment it was stated: "Being a worker controlled newspaper, it will be appreciated that our extra finance cannot be raised from normal commercial sources - we need the financial support of the grass roots members of the trade union movement." The Morning Star recognised this weakness in the SDN approach, that it had turned to the trade union movement as its major source of financial support in the face of the refusal of the private sector, and argued that a clear and categorical editorial stand on the side of the union movement was necessary before support could be given. (12 August 1974).

Mackie described the depressing search for official union backing:

"The general secretaries of almost every national union were personally visited by members of the Action Committee. Armed with their submissions and encouraged with the blind faith that their case was unchallengeable they slogged their way around the unions headquarters. Since its editorial policy would be aligned broadly to the Left, it was assumed that in their own interests the official union movement would help finance the paper. However, despite encouraging meetings with top executive members it soon became evident that there was either hostility or indifference in the majority of the Executive councils. Some unions argued that they would have to have some say in the editorial content of the paper; others again bluntly and honestly stated that they did not believe in workers' co-operatives, while still others had many misgivings about Maxwell's involvement, but the majority of the unions stated that they could not show a financial interest unless and until the print unions had first declared their support. All of these unions who showed sympathy to the project stated that until the Government had declared their intention to give financial assistance, they could make no commitments. Only one union, ASLEF, reacted spontaneously, by investing immediately, declaring that the nature of the struggle merited support." (1976b, pp.119-120).

Disregarding the traditional conservatism of the print trade unions, they were in a difficult position: they believed that the national

newspaper market was contracting and that any circulation achieved by the SDN would be at the expense of other newspapers. Since they conceived and operated within these market constraints, how could they ask their members to financially contribute to the SDN, when this might directly undermine their jobs? Mackie explained:

"The print unions themselves showed little enthusiasm. Perhaps they feared that a successful Daily News would jeopardize their members' employment in the other Scottish newspaper offices. Whatever their reasons, and they were never openly declared, the print unions, with the possible exception of the Scottish Graphical Association, did not give their full unqualified support."

(1976, p.120).

The lack of enthusiasm of the print unions for the SDN, repeatedly placed the government loan in jeopardy, since when Benn raised the matter of aid in the cabinet, critics of the co-operative, themselves on the right wing, could point to trade union antipathy as a reason why the project should be abandoned. Benn and other Scottish MPs requested the Action Committee to drum up more print union interest, however the best they could do was to gain the active assistance of Fred Smith, the general secretary of the SGA, and the verbal support of Lord Briginshaw, the general secretary of NATSOPA. (SDN Minutes, Mass Meeting, 30 January 1975). (In fact NATSOPA was hardly in a position to offer anything else, since it was hovering on the brink of bankruptcy due to financial mismanagement). (New Statesman, 30 March 1979, pp. 432-3). Both of these general secretaries were on the far right of the trade union movement, and the failure to acquire more extensive union support was a critical weakness throughout the life of the SDN.

When a meeting of the five printing unions affiliated to the TUC was arranged to consider the possibility of financial support for the SDN, representatives of the SDN itself were excluded, which infuriated the Action Committee:

"This could be a make or break meeting for us. We want to be represented at our own trial, and this could turn out to be a trial. One would anticipate, with the possible creation of 500 printing jobs, that they would have shown a greater deal of co-operation."

(Scotsman, 16 August 1974).

The Committee sent a telegram to Len Murray, the general secretary of the TUC, who was to chair the meeting, urging that the SDN should be represented, and threatening that if they were not invited they would picket the meeting and claim the support of Fleet Street. The day before the meeting the SDN had received no reply to the telegram and an 80 strong delegation travelled overnight by bus from Scotland to picket Congress House. The unions involved in the talks were NATSOPA, SGA, SOGAT, SLADE and the NUJ. The NGA was unaffiliated to the TUC, but had agreed to make a financial investment in proportion to that offered by the other unions. But no pledge of financial backing was forthcoming, the TUC simply issued a terse statement, "All those present expressed sympathy for those unemployed....." (Glasgow Herald 21 August, 1974). Whatever other aspects of the co-operative contributed to the reluctance of the print unions, certainly there was doubt about the SDN's commercial viability, and the condition of the government loan that shareholders would be unsecured was an important restraint. But it should be remembered that, contrary to popular legend, the trade unions are not wealthy organisations: if all the print trade unions total assets were

combined they would scarcely amount to the capital reserves of the smallest merchant bank. In fact relative to their membership size and organisational commitments British trade unions are under-financed, which is one of the factors which dictates the official conservatism in many unions against taking any form of action likely to incur additional costs. If they were to stake what little resources they have in operating businesses, such as co-operatives in which it was impossible to quickly recover funds, then this would encourage official union conservatism even more, besides enmeshing unions more fully in corporate responsibilities than they already are. In an appeal to the TUC, the SDN called for 10 unions to step in with £50,000 each. (SDN, Special TUC Edition, September, 1974).

Half a million pounds could be used by the unions in many ways, to mount a major industrial campaign, or support a significant national strike. In organisational terms, what the SDN asked for was the equivalent for each of the ten unions, of the salary of two full-time officials for five years, or the running costs of a regional union office for a year. It could be argued that the SDN, even if it offered the most emphatic union support in its editorials, might not contribute as much as twenty union officers in the field. However the problem remains, that for many purposes unions have to maintain financial reserves, and that many union investments are in the most exploitive companies and industries, in Britain and abroad, which yield the highest profit. Many trade unions could certainly find more socially useful repositories for their funds, but it is doubtful whether the SDN could ever have made serious claim to being this, given the doubt surrounding its editorial intentions..

A major effort was made to elicit greater union interest, at the annual conference of the TUC in September 1974, for which a special

four page edition of the Scottish Daily News was published. Members of the Action Committee, low on funds, camped out in tents at Brighton, and attempted to persuade delegates about the merits of the newspaper. Leading Labour figures sent messages of good-will in the special edition, including Harold Wilson, Tony Benn, and Jimmy Reid. Ray Buckton, the general secretary of ASLEF, whose executive committee had decided to invest £5,000 in the SDN commented:

"ASLEF need no convincing of the necessity for another newspaper which is not in the control of big business. We have been subjected to a ferocious and unscrupulous campaign by the right wing press over the years and in particular over the last two."

Presumably Buckton was prepared to forgive the journalists of the SDN who had contributed to such anti-union campaigns in the years that they worked for the Express. Since the SDN was asking for union investment a detailed statement of editorial policy might have been expected. However, what trade union activists attending conference would consider vague assertions were offered, rather than a clear definition of principles:

"Given the monopoly right wing press in this country with its strong anti-trade union bias the political philosophy of the SDN is the most vital aspect. The SDN will be radical without being extreme and comment strongly on every important issue as it arises without the strings of any political party conditioning its opinion. Fundamentally the paper will be independent of any political party or dogma. Such an attitude will be projected into our news coverage, especially in the area of industrial relations. All too

often in the popular press the case of the unions is buried in the deluge of words explaining the other side's position. This will not happen in our paper. Trade union opinion will be given full and fair coverage, both at executive and grass roots level. Unions, however, are not alone in suffering from press prejudice. There are other groups such as students, social reformers, and, of course, all socialist political parties. The SDN Pledges to be fair to all."

(SDN Special TUC Edition, September 1974).

Though this editorial philosophy may sound reassuring, most mainstream capitalist newspapers would subscribe to such liberal principles, particularly if they were directing themselves at a solely trade union readership, as the SDN special edition was, without ever attempting to put such principles into editorial practice.

A fascinating feature of the TUC special edition of the SDN was that in four pages of detailed explanation about the newspaper, there was no mention whatsoever of Robert Maxwell. The only clue given that he might have existed was a reference to "commitments from other sources" in the financial breakdown. This early initiation into censorship for the SDN was determined by the fact that it was difficult to reconcile the spectre of Maxwell with co-operative control. Maxwell's involvement was a deciding factor as far as the NUJ were concerned: though they contributed £500 to the SDN fighting fund, they refused to invest in the enterprise. Other trade unions also were made wary by the association of the venture with a buccaneering entrepreneur of Maxwell's stature, and members of the Action Committee constantly

were asked to explain how the workers would retain control of the SDN to distinctly sceptical union audiences.

However support for the Albion Street workers came more spontaneously, and less conditionally, from the Scottish trade union movement, and from some groups of rank and file workers. A drive to encourage investment was launched by the Clyde committee of the CSEU, and Joe Black, Chairman of the committee declared:

"We are asking the shop stewards committees throughout the region to become shareholders in the newspaper. We are also asking for pressure to be put on individual trade unions to help finance the project."

James Jack, the General Secretary of the Scottish TUC, was equally supportive, though less optimistic:

"We gave the Action Committee an introduction to every affiliated trade union. We have supported the project from the beginning and have done a great deal in our own way without any tangible response so far from the great majority of trade unions." (Glasgow Herald, 7 August 1974).

But the SDN workers usually received a warm reception from shop stewards and workers at plants in the West of Scotland and even beyond. Often the workers were surprised at the extent of the support, one explained:

"We had a flag day for the Scottish Daily News, and we were in Clydebank selling flags with our collecting cans. I was in an SDN van and we stopped outside Singers. One of the shop stewards came up to us and asked why we didn't come in. So we arranged to go in the following day at dinner time. We met all the shop stewards in Singers and they put a steward

on all seven entrances of the factory with a collecting can for us. It was the same at Marathon shipbuilders."

With migration there are probably more Scottish workers in England than in Scotland, and interest was shown in the new paper as far afield as Fords in Dagenham where the shop stewards at the body plant offered financial and moral support. (Morning Star, 18 July, 1974)

Despite the reluctance of the print union executives to become involved, the chapels in Fleet Street frequently contributed substantial sums to the fighting fund of the SDN. Probably one of the more poignant contributions, was the £1,000 given by the chapels of Beaverbrook's Evening Standard. (Guardian, 12 July, 1974).

But the perpetual fund raising activities distracted attention away from more serious thought about the editorial policy of the paper and how the co-operative was to be organised. During almost all of the thirteen months the workers were struggling simply to keep the idea of the SDN alive, as one worker sadly commented, "Money was a much harder thing to get than signatures."

The Metamorphosis From Confrontation to Commerce

The necessary devotion to fund raising was only one aspect of the commercial orientations and activities the SDN workers felt forced to adopt. In turn these concerns exerted an effect upon the attitudes of the workers, particularly the Action Committee, Allister Mackie approvingly explained the transformation in the committee:

"Not one among them had held a management position previously yet they were becoming daily more capable of making commercial decisions that were necessary

for the launching of a newspaper. Their object at first was to "save" 600 jobs, but eventually moved towards creating a viable company that would produce a newspaper and give employment to many more people. The whole import of this change of attitude cannot be exaggerated. From being a group of active trade unionists, educated and skilled in the ways of confrontation and of defending their members' interests, they were, on behalf of the workforce, being forced into an employer situation. In effect, the committee almost underwent a complete metamorphosis, but from that stage onwards, a successful outcome was possible. Correct decisions would be made because of the change of outlook". (1976b, p.117).

The assumption of a commercial orientation by the committee, to the extent that people like Joe McGowan could rattle off the financial structure and circulation projections of the SDN like a hard headed stockbroker, might have assisted in overcoming the immediate business problems the co-operative faced, but there were serious implications for the essential direction of the newspaper. From the start it was accepted that it must be a commercial newspaper based on sales to the general public and advertising revenue: "The one truth that was self-evident to all at this time was that the paper, when it was launched would have to be a marketable commodity if it was to be a commercial success. It would owe its allegiance to no party, would be independent but with an alignment to the Left." (Mackie, 1976b, p.113). Even the Scottish Catholic Observer was astute enough to recognize the moderation of the people involved in the

SDN, and the limitation of their rebellion: "Unlike the sit-in at Clydebank, the workers' takeover at Albion Street is a commercial transaction, with the redundant men negotiating the purchase of the premises from Beaverbrook Newspapers The Catholic Church in Scotland strongly supports the principle of the right to work, and the principle of a free press. It offers encouragement to those who are trying to establish a new and responsible newspaper." (16 August 1974).

Manning Levels.

Two important issues at the SDN over which there was openly a serious clash between the trade union and commercial orientations of the co-operative were the manning levels and editorial policy. The union principle upon which the SDN had been founded was to preserve employment which directly conflicted with the commercial priority to limit labour costs. The initial resolution of this problem, was to estimate the most generous manning the paper could afford: "it was apparant that there would be no possibility, no matter how optimistically viewed, of there being more than 600 employed within the co-operative. Workers were advised to seek alternative employment to reduce the overall numbers. But even then the alternative prospects were so minimal that there were still an embarassing surplus of potential members." (Mackie, 1976b, p.115). However the Chesters report objected to this figure of 600 employed, and suggested "from informed opinion" that 500 was a "feasible and realistic manning figure", not on the basis of detailed study, but baldly stating: "The Workers Action Group have provided a 'minimum' manning figure of 604 staff and have supplied details of the make up of this number.

It was not possible to check on this figure by studying physical production at Albion Street. The number seemed high however and it was decided to make cost calculations for a manning figure of 500 as well as for a manning figure of 604." (University of Strathclyde, 1974, pp 6-7). Predictably enough the PA consultants report on the SDN also recommended the lower figure. Feeling constrained to prove their capacity to take difficult decisions to assure the life of the paper, the Action Committee in the submission to the Department of Industry, accepted this lower manning. Allister Mackie understood the seriousness of the implications of the decision:

"It is difficult for a trade unionist to comprehend fully what I'm saying unless you're totally involved: we discovered at the end of the day that we could only employ 500 workers, after we did a complete survey into the requirements of all the departments, which meant that we had to go through the lists and determine who could get a job and who couldn't get a job. It was very painful, because you had to select all the best people and then because we had to be very selective who could get a job, which was only the best workers."

Moreover, as Table 4 shows, whilst Management, Editorial, and sales were almost unaffected, 60 factory and 24 clerical jobs were lost. It must be extremely rare in the newspaper industry for 105 potential jobs to disappear so quickly at management suggestion with the complete compliance of union representatives.

Table 4

Manning Requirements of the Scottish Daily News

(Circulation 200,000 - 250,000 per day).

<u>FACTORY</u>	Action Committee Submission to Chesters: May 1974	Action Committee Submission to Department of Industry: June 1974. ¹
Stereo	26	
Engineers	22	
Electricians	16	
Natsopa	127	
Compositors	90	
Wire Room	12	
Machines	6	
Slade	40	
Distribution	20	
	<hr/>	<hr/>
Total	359	299
 <u>ADMINISTRATION AND SALES</u>		
Top Management)		3
Other Management)	8	4
)
Editorial	110	100
Copy and Sales	12	12
Clerical	95	71
Circulation	20	10
	<hr/>	<hr/>
Total	245	200
	<hr/>	<hr/>
TOTAL MANNING	... 604	499

1. In fact the new detailed factory manning had not been finally negotiated with the unions concerned by the time of the June submission to the Department, and was probably a source of embarrassment to the Action Committee.

(Source: University of Strathclyde, 1974, p.24; SNE, 1974, pp 8-9).

The national press were quick to seize upon the implications of the SDN workers acceptance of low manning levels for the industry as a whole. A Daily Telegraph editorial commented "The fact that the staff will be confined to a few hundred..suggests that its members are displaying a welcome reasonableness which too few of them would show if 'capitalist' owners were footing the bill and bearing managerial responsibility." (24 July 1974) Referring to the reservations of the print unions about the SDN, the Sunday Times observed: "The old Express operation employed nearly 2,000 in Glasgow. The new paper would have only 500. If it succeeded, it could make the manning levels of other British national newspapers look bloated indeed." (25 August 1974) More sympathetically and more accurately, John Kerr explained in the Guardian "The manning proposals were worked out in consultation with the unions and conform to the levels prescribed in existing agreements for papers with a circulation of 250,000 envisaged for the SDN. So there should be no implied threat to jobs on other papers." (22 August 1974)

Thus commentators in most of the national press had made the simple calculation of 500 workers at the SDN compared with 1,900 at the Scottish Daily News, without mentioning the two other papers the Scottish Sunday Express and the Evening Citizen that were also printed at Albion Street, largely by the same labour force, and that the projected circulation of 250,000 for the SDN was about a third of the circulation of the previous papers combined daily circulation. Beaverbrook estimated that 1,400 workers were employed on the Scottish Daily Express exclusively, with a circulation of 570,000. But since there was such a constant transfer and overlap

of labour between the different papers it is unlikely that the Beaverbrook figure is accurate, besides the interest Beaverbrook as an employer would have in finding evidence of overmanning. However although the SDN manning generally conformed with national agreements, and had been worked out in consultation with local union officials, there was a degree of undermanning in most departments compared to national norms, though manning levels were not as low as the national press would have liked people to believe. Allister Mackie maintained,

"We discovered actually, having done a complete survey of manning and worked it out at 500, that it was in accord with the staffing arrangements on the Glasgow Herald and the Scotsman. We didn't know this at the outset, we discovered this at the end of the day, that we were not far removed from their manning requirements. All this justified our manning arrangements." Unfortunately, both newspapers had less than half the projected circulation of the SDN, so they were not such convincing comparisons. The national print unions remained sceptical about the SDN manning, and this was stimulated by newspaper proprietors eagerness to use the example of the SDN however inaccurately, to berate the unions over the manning levels in their own enterprises. One of the first proprietors to publicly use the SDN example in this way was Sir Don Ryder, chairman of Reed International, the parent company of the International Publishing Corporation, which owned the Daily Record and the Daily Mirror, and the future chairman of the National Enterprise Board. At the annual shareholders meeting of Reed International, Ryder stated, as reported in the Daily Record:

"As publishers and printers, we are wasteful in our use of manpower Nor is it a coincidence that those ex-employees

of the Scottish Daily Express who are now trying to construct a new title the Scottish Daily News from the ruins of the old one, are talking of mannings way below those that are customary to the trade." (After bemoaning the low price of newspapers, Sir Don went on to announce record profits for the first financial quarter of 1974 of £22 million.) (1 August 1974).

Editorial Policy

An issue that was never finally resolved was the conflict over the editorial policy of the paper. The unusual circumstances of the birth of the SDN venture, and the unconventional method of financing, gave the proposed newspaper a rather deceptive air of radicalism, the Daily Telegraph went so far as to complain: "Some of those connected with the project have been putting it about that the paper will be campaigning, investigative, independent and all that. So long as the sceptical folk of Edinburgh and Glasgow are prepared to part with their daily cash for that sort of stuff, all well and good - although a diet of sub-Trotskyism has seldom proved a sure-fire seller in the past, outside Hampstead." (26 July 1974). The editor of the Telegraph need not have worried: the decision to depend on advertising for nearly half the revenue meant that the paper could not afford to offend business interests in general. It was only a short step from this position to the formal acceptance of a "non-political" editorial policy which was declared under the editorial guidance of Michael Cudlipp. In fact just as the decision to produce a commercial newspaper, a "marketable commodity", was simply a resort to what the Express workers were used to; so the editorial approach of the new paper came to resemble that of the Express. To an extent this was

a conscious policy, since disaffected Express readers were the primary target of the SDN. "The News is going to be a popular paper, but not as 'popular' as the Sun, Daily Record or Daily Mirror. It is aiming right for the middle of the market, but unlike the Express it will be truly independent and Scottish." (Campaign, 26 April 1974). But many of the activists involved were determined to see an altogether different paper completely committed to the labour movement. Others set the highest journalistic standards for the newspaper, among them Jimmy Russell, the city editor of the SDN, and financial expert on the Action Committee: "It will be a popular newspaper but responsible. We hope it will be politically intelligent and up market." It seemed to many observers quite natural that it should be a paper of the Left, even Accountancy Age acknowledged: "Not altogether surprisingly it will be 'left of centre' politically and when you consider that Scotland is predominantly Labour, they are purely satisfying the desires of the Scottish people." (7 March 1975).

Scottish nationalism was another editorial tendency which emerged in strength at various moments in the life of the SDN. Thus the award of government money was greeted as "a tremendous breakthrough in the struggle towards publication of a new and independent voice for Scotland, published in Scotland, and reflecting the political, economic and cultural affairs of the Scottish people". (Glasgow Herald, 26 July 1974). The Scottish National Party were keen to claim the SDN for their own, as George Reid declared in the Commons, quoting Lord Beaverbrook's opening editorial of the Scottish Daily Express in 1923, he hoped the basic purpose of the newspaper would be to return to the display of "those characteristics and doctrines which are essentially Scottish: independence, self-reliance, reverence and patriotism." (Hansard, 14 May 1974, p.1190). However the Scottish Nationalist views of a few of the Action Committee, which perhaps

predominated among the journalists, if not the workers as a whole, did not represent a deeply thought-out political stand, but a simple retreat from conservative free market values into nationalism as a panacea for the economic problems associated with the domination of Scotland by private and public economic power in London: the capitalist economic system would remain, if on a smaller scale, in an 'independent Scotland'. The subdued nationalism of the SDN was unlikely to win friends in the Labour Government which witnessed the erosion of support in the traditional Labour strongholds of Scotland in the two elections of 1974.

The Industrial Development Unit report barely mentioned the editorial policy of the SDN but emphasised the crowded market the new paper was proposing to enter, listing the morning papers that are either printed in Scotland or (in the case of the Scottish Daily Express now printed in Manchester), aimed specifically at the Scottish market:

Table 6Scottish Newspapers Circulation

	Circulation (July-December 1973)
(Aberdeen) Press and Journal	104,000
(Dundee) Courier and Advertiser	126,000
(Edinburgh) Scotsman	80,000
(Glasgow) Daily Record	589,000
(Glasgow) Herald	89,000
(Glasgow) Scottish Daily Express	571,000

(Source: SNE, 1975, p.21)

In addition the national dailies including the Sun, Mail, and the four quality newspapers circulate in Scotland making a total of 12 morning papers. Finally IDU mentioned that there were six Scottish evening newspapers, three Scottish Sunday papers and about 130 weeklies. However the fact which IDU refused to recognize was that although the Scottish newspaper market was crowded, it was crowded with very similar commodities: all of the papers in question were commercial, and committed to the centre or right of the political spectrum, with the exception of the Daily Record which nominally supported Labour. A glorious opportunity existed for the Scottish Daily News to present a dramatic and daring alternative to the hegemony of the capitalist press. But the chance to be different was not taken. The editorial vacuity and vagueness which was presented in the SDN submission and prospectus was dictated by the need not to offend the Department of Industry, and potential advertisers and business investors; but it also reflected a real uncertainty and conflict about editorial policy. The appointment as editor of Fred Sillito, an ex-deputy editor of the Scottish Sunday Express on the point of retirement, bestowed respectability upon the SDN but little else. The radicals of the SDN who were dedicated to a genuine trade union orientation, were overwhelmed by a majority of the journalists, who were prepared to use the rhetoric of the labour movement when necessary, but were committed to conservative concepts of editorial policy.

LIMITATIONS OF STATE INTERVENTION

Early Expectations and the Frustration of Delay

The torment of the SDN workers over the repeated delays of the launch date of the new paper is difficult to imagine: by early May 1974 they had conceived the papers' form and title; gathered the journalists and print workers necessary; collected a useful capital sum to initiate the enterprise, and negotiated an option on the machinery and building which would provide the means to launch the SDN, with government and investor assistance, upon what they believed to be an eagerly awaiting public. The first proposed launch date was June 13 1974, in time for Scotland's appearance in the World Cup in West Germany. Dependent upon a speedy official response to their project, this proved the most hopeless optimism. Though the Action Committee knew that within four weeks of receiving the necessary government support the paper could be on the streets, months passed

of delay, prevarication, and sheer antagonism on the part of the Department of Industry, which was exacerbated by the total opposition of financial institutions, and the equivocal and shifting nature of trade union support. New launch dates were repeatedly set, only to arrive with the SDN buried deeper in the mire of negotiations with reluctant funders. The submission to the Department stressed "the need for a swift decision" and that the Committee was "available to discuss or to further enlarge any of our concepts at short notice." But the government kept the workers kicking their heels when they wanted to be at their trades, whilst their funds were dwindling; their enthusiasm sagging; the interest of the public in the paper was evaporating; and the Scottish Daily Express was re-establishing its readership.

The Industrial Development Unit Report

The Action Committee submission was presented to the Department of Industry (DoI) on 4 June 1974 with a request for assistance under

Section 7 of the 1972 Industry Act of a loan of £1,750,000. The submission was considered first by the departmental Industrial Development Unit (IDU) and then the Industrial Development Advisory Board (IDAB), both of which are composed largely of businessmen. The conclusions of both bodies, based largely on the Chesters report, were almost wholly negative. IDU dispensed summarily of any special editorial appeal of the SDN, and of the Action Committee's objections to the Chesters projections and maintained:

"It is, of course, impossible to predict accurately the sales of an, as yet, unborn Scottish newspaper. However, given the highly competitive and non-growth nature of the industry, we cannot accept the Workers Action Committee's sales projections which are more than double those forecast as probable by the Chesters Management Centre study. This study, as has been noted above, was based on a professional market survey". (SNE,1975,p.21).

Chesters had predicted a sales:advertising revenue ratio of 1:0.8. The Action Committee had computed advertising revenue by a combination of the ratio of editorial content to advertising content, with a maximum of 50:50, and the standard column inch rates at different levels of circulation, arriving at a sales: advertising ratio of 1:0.97 at 250,000 circulation. Accepting that both estimates were speculative, IDU referred to the competition for advertising, and accepted the 1: 0.8 ratio. With regard to the financial forecasts of the submission, IDU acknowledged the thoroughness with which these had been carried out, but reworked the figures on the basis of an 1:08 advertising ratio, which produced substantial losses. From the IDU figures, a circulation of 232,000 was needed to break-even, whereas break-even on the SDN figures occurred below 200,000. Taking

Table 6 SDN and IDU Financial Projections

	<u>SDN</u> *	<u>IDU</u>	<u>SDN</u>	<u>IDU</u> *	<u>SDN</u>	<u>IDU</u>	<u>SDN</u>	<u>IDU</u>
	Circulation 120,000	Circulation 120,000	Circulation 175,000	Circulation 175,000	Circulation 200,000	Circulation 200,000	Circulation 250,000	Circulation 250,000
<u>REVENUE</u>	£ per week	£ per week	£ per week	£ per week	£ per week	£ per week	£ per week	£ per week
Circulation		22,700	33,075		37,800	37,800	47,250	47,300
Advertising		18,100	38,016		42,240	30,200	46,464	37,800
<u>Total</u>		40,800	71,091		80,040	68,000	93,714	85,100
<u>COSTS</u>								
Newsprint and Supplies		14,000	20,330		23,446	23,400	29,676	29,700
Other Costs		51,500	56,268		56,268	51,500	56,268	51,500
<u>Total</u>		65,500	76,598		79,714	74,900	85,944	81,200
<u>Weekly Profit Before Interest</u>		(24,700)	(5,507)		326	(6,900)	7,770	3,900
<u>Annual Profit Before Interest</u>		(1,284,000)	(286,364)		16,952	(359,000)	404,040	203,000

* not available.

(Source: SNE, 1974, p.12; SNE, 1975, p.24).

interest charges as £250,000 per annum, IDU raised break-even to 254,000. (The irony was that although IDU underestimated the editorial appeal and potential circulation of the SDN, even they greatly overestimated the willingness of advertisers to place copy with the newspaper, though it is possible IDU were aware of this problem but felt it diplomatic not to mention it).

The one helpful gesture of IDU, though it was not intended as such, was to point out the great discrepancy between the SDN budget of £2.55 million for the buildings, plant and machinery of Albion Street, and the Glasgow City Estates Department valuation of £1.5 million, which proved a useful bargaining counter in later negotiations with Beaverbrook. But in considering the proposed management and control structure of the SDN the IDU fully revealed the paternalism and uninspired orthodoxy of its approach:

"It should be stated that we were impressed by the Action Committee's dedication to this project. However, there must be questions as to the willingness of the proposed Executive Council to allow the essential freedom of action to the General Manager and Editor, particularly when management decisions prove unpopular with sections of the workforce. Clearly, no newspaper can operate successfully if day-to-day management decisions are subject to constant debate." (SNE, 1975, p.23).

In its damning conclusions on the viability of the SDN, instead of considering that the fact that no finance was forthcoming from commercial sources in the private sector revealed the necessity for state intervention in co-operative finance, IDU assumed that the lack of commercial support should disqualify the venture from government assistance: "As yet only a small portion of the required equity and outside debt finance has been committed, and there are no indications that any will

be forthcoming from commercial sources ... On the basis of the information we have received and our studies, the prospects of success for the project must be regarded as very remote. In our judgement the project is not viable." (SNE,1975,p.24).

The pessimism of IDU was based purely on an assessment of the price and competitiveness of the SDN in market terms; there was no appreciation of any special characteristics of the proposed paper; and the Action Committee was convinced that, as with Chesters, the objections of IDU hinged upon the innovatory management structure of the co-operative.

The Terms of Government Assistance.

By mid-July 1974 IDAB had considered and, predictably enough, endorsed the IDU report, the fourth deadline for the SDN to buy Albion Street from Beaverbrook had expired, and it seemed that the government was merely procrastinating in order to dissipate interest in the endeavour. Members of the Action Committee were considering admitting defeat when in a dramatic telephone call from the Department of Industry they learned of the offer of a government loan. Benn had succeeded in convincing the cabinet to disregard the advice of the Department's professional advisers and loan the SDN £1.75 million, though with severe conditions insisted upon by IDU. The conditions were:

1. That the company must find from non-governmental sources funds amounting to 50 per cent of the total capital cost of the project from persons who have seen the advice given to the government by IDU and are thus fully aware of the risk involved.
2. That the company must have "actually and irrevocably received in cash" the sum of £475,000. In addition the company must have received £500,000 in the form of equity or long term unsecured loans from commercial sources or the general public. Finally a further

£775,000 in secured loans must be raised.

3. With regard to the secured loans, the lenders must have agreed to share available security pari passu with the government.

4. All persons providing finance for the project must realise that in the event of the project's failure priority in claims on the assets would rank after priority creditors as follows :

- (a) all secured lenders including the government,
- (b) all unsecured creditors,
- (c) shareholders.

5. That the company has accepted by writing to the Secretary of State, that the government's contribution of 50 per cent of the capital cost of the project up to a maximum of £1.2 million would be the only government contribution to this project and that no further government finance will be made available and the company has confirmed that all persons providing finance for the project are aware of this.

6. That the DOI would have the right to inspect the undertaking at any time and to require such further financial information as necessary. (Guardian, 26 July 1974; SNE, 1975, pp 18-19). It is likely that no other company seeking government assistance has ever been confronted with such impossibly difficult conditions. Even the Daily Telegraph, staunchly against all forms of state intervention, described the conditions as "strict" and "stringent", and concluded, "The conditions which the Action Committee has to fulfil to Mr. Benn's satisfaction would appear to meet the requirements which the Industry Act imposes on applications for assistance. In view of this, Conservative MPs are unlikely to raise any serious objection to the government's proposal." (26 July 1974). It did not need the financial brilliance of Professor Briston to explain to the Action Committee the profound contradiction of the DoI approach: the insistence upon substantial public financial support as an essential prerequisite

of government assistance, whilst making it virtually impossible to raise finance from the public by stressing the non-viability of the project, and taking the major asset as security, allowing the remaining finance little security. (Accountants Weekly, 13 December 1974, p.15).

Beaverbrook as the Major Beneficiary

A debilitating irony of the long and exhausting effort of the SDN workers to raise finance for the project was that the most immediate beneficiary would be Beaverbrook Newspapers Ltd who made them redundant in the first place. The government were aware of this anomaly and it must have been a restraining factor upon them: yet although informal pressure was exerted on Beaverbrook to lower the inflated price demanded for Albion Street, at no time was it suggested that the deal between the SDN and Beaverbrook was anything other than a normal commercial transaction. Beaverbrook had enjoyed profits for decades from the Express empire, but when it decided to abandon production in Scotland out of self-interest, the government contributed to the redundancy payments it incurred, and now it was to receive further compensation, while the workers enterprise was desperately short of cash. This instance is symptomatic of how nationalization with lavish compensation strengthens the private sector at the expense of public industry. Beaverbrook had run newspaper production at Albion Street into the ground, it might be more appropriate for a company so mismanaged that it had to abandon a major centre of production to be the recipient of government sanctions not cash. If the SDN had received the £725,000 cash paid to Beaverbrook, it would have survived for another year and could have proved itself positively one way or another. However, Beaverbrook themselves were not in an entirely comfortable position, as vividly portrayed by McKay and Barr:

"Beaverbrook were locked into a grotesque paradox: for their long term survival they had to sell Albion Street; to sell Albion Street they had to pay off the workforce, and to pay off the workforce they had to help launch a competitor in Scotland which might decimate their sales and advertising income north of the border. The best sequence of events for Beaverbrook would be a sale of Albion Street to the co-operative, followed by a quick collapse of the new newspaper before it could do irreparable damage to Express circulation in Scotland. And, as a bonus, Beaverbrook might find a new brightness to their tarnished image by being seen to be generous to a potential rival." (1976, pp32-3).

Workers jobs were caught up in this paradox: if the Daily News succeeded there would almost certainly be redundancies at the Express office in Manchester, thus either failure or success for the SDN could mean further redundancies. (Militant 13 December 1974).

Armed with the knowledge of the liquidity crisis Beaverbrook was experiencing, and the promise of a government loan if the exacting conditions could be fulfilled, Professor Briston, who had assumed the role of principal commercial negotiator for the Action Committee, pressed Beaverbrook to reduce the price for the Albion Street building and plant during August 1979. Beaverbrook were demanding £2.4 million for the plant and building; estimating the value of the building as £1.4 million, when the chartered surveyors' valuation of the property, prepared for the SDN, and corroborated by the City Estates Departments' valuation was £740,000. The SDNs lawyers pointed out to Beaverbrook the problems of another buyer not intent on continuing newspaper production, including the "time taken and

expense incurred in providing vacant possession on the building",

the greatly reduced proceeds likely from a forced sale of the plant, for which the SDN was offering £660,000. (Letter from Boyds to Lovell, White and King, Beaverbrook's solicitors, 5 August, 1974). Finally, after the Albion Street car park and some equipment were removed from the sale, Beaverbrook reluctantly agreed to reduce the price to £1.6 million. The new price saved the SDN £950,000 on the original Beaverbrook demand of £2.55 million and reassessment of the financial requirements of the SDN led to the reduction of a further £150,000, giving a total of £2.4 million instead of £3.5m. This reassessment made under the duress of the difficulty of the conditions imposed by the DoI, and the impossibility of raising funds from commercial sources, was to prove critical to the life of the SDN: with no reserve funds the newspaper would have to prove an instant success or face immediate cash flow problems.

Returning to the DoI with these economies, the Action Committee hoped that the government would improve their original offer, but the DoI confirmed the worst fears of the committee and made the conditions even more exacting: the loan was reduced to £1.2 million, and the amount of cash to be raised in the secured loan was reduced from £750,000 to £225,000, reducing the risk on the government loan, and relatively increasing the risk for other lenders (Mackie, 1976b, pp.123-4). However, a new approach to Beaverbrook, again at the informed suggestion of Briston, managed to secure from them the offer of the £500,000 unsecured loan, and the £225,000 secured loan. Later under pressure from Maxwell at the time of the prospectus launch the following Spring, another £150,000 loan was extracted from Beaverbrook. Beaverbrook's actions should not be misconstrued as generosity: they needed the cash from the quick sale of Albion Street; there were no other buyers in sight; they were selling an old building badly in need of

renovation and plant which had little market value. Jocelyn Stevens later admitted that his aim was to raise £1 million from the deal: although the £1.6 million received from the SDN was reduced to £725,000 by the loans Beaverbrook invested in the SDN; by the sale of the car park, and the return on the secured loan, Stevens could leave the affair smiling with the £1 million comfortably in Beaverbrook's pocket.

Negotiations With the Department of Industry.

By this time the SDN was amazingly inching close to the financial target of £2.4 million. The position was :

	£
Department of Industry Loan	1,200,000
Beaverbrook Unsecured Loan	500,000
Beaverbrook Secured Loan	225,000
<u>SDN</u> Workers Trust Fund	225,000
Robert Maxwell	112,500
Public and Unions	60,000
	<hr/>
	2,322,500
	<hr/>

Only £77,500 was needed to make up the £2.4 million, which was to be raised from the public by the issue of a prospectus for SDN shares. At this point it seemed sensible and enterprising to launch the paper and stimulate interest in the SDN before the prospectus was launched. The Action Committee approached the DoI for a bridging loan of £77,500, which Benn was in favour of, pointing out that the cost to the government of unemployment benefits and in loss of income tax revenue for the 500 workers was about £20,000 per week. However the official Departmental response was completely negative: the

capital would have to be raised in full before the paper could be published. This blow stunned the SDN workers, "It was as if we were running a Grand National course, and every time we won the race, the DoI said we had to go round again! ". But as far as the Action Committee were concerned, "We didn't waste our time trying to get the government to change their mind. We accepted the philosophy that once they had made up their mind it would be impossible to change them. So we had to work very hard on where we were going to raise the rest of the money from." Briston suggested to the Action Committee that they should launch the prospectus immediately, that Beaverbrook would be forced to meet any shortfall to guarantee its own payment, and that the government would be carried along by the momentum of the action, and unable to object to the Beaverbrook effective underwriting for fear of openly revealing the extent of their hostility towards the project. It seemed a convincing plan with a good chance of success, but then:

"At this stage, when it looked as though the launch of the paper seemed reasonably assured, Maxwell reappeared. He persuaded the Action Committee that no one would invest unless the prospectus was underwritten. Indeed, he doubted if he himself could invest until it was underwritten. The threat was heeded." (Mackie, 1976b, p.125).

This caution of Maxwell was completely out of character: he had acquired the Pergamon publishing empire in an adventurous series of gambles, and this was very much his business style. Yet, with the risk of losing his money, the Action Committee accepted Maxwell's argument and the December launch of the prospectus was delayed to allow negotiations with the DoI over the underwriting. Briston opposed the delay, claiming that the government would refuse to allow the Beaverbrook underwriting if they were forewarned, and that with enough time, sufficient investment could be raised without Maxwell's contribution,

thereby displacing his influence.

The opportunity was missed and further delay became inevitable as the intransigence of the DoI developed. Firstly the Department insisted upon the inclusion of the unfavourable IDU report in the prospectus, which made it unique in business history: a prospectus for potential shareholders with five pages of reasoned argument why potential investors should not invest. "The department seem to want to use our prospectus for damaging our cause. I feel we are being discriminated against", declared an angry Mackie. (Scotsman 23 December 1974). Mass meetings were downcast at the news of the government's attitude, it was assumed that the hostility of the DoI was tantamount to sabotage of the SDN, and that the inclusion of the IDU report was intended to strongly advise people not to invest. (SDN, Mass Meeting Minutes, (MMM), 11 and 18 December 1974). This was certainly how the matter was reported in the press:

"Although Mr. Benn has insisted that every prospectus carries a Government warning to the effect that the company is not likely to be viable - which means that everyone is likely to lose every penny of their money - he is still prepared to throw away £1.2million of Government money." (Glasgow Herald, 13 March 1975).

In a letter to the DoI, Mackie vainly protested: "the inclusions insisted upon are so damaging that they make the entire prospectus appear ridiculous and the decision by the government to offer the loan in the first place nonsensical." (11 December 1974). Secondly, in early January 1975, the DoI refused to allow Beaverbrook to underwrite the prospectus: "they declared that although the co-operative

had met the conditions of the loan they had not done it in the way it had been intended. The government demanded that there be a show of public support for the paper by way of public investment before the loan be made." (Mackie, 1976b,p.126).

Whilst there was a superficial plausibility in the Department's request of proof of public support for the SDN enterprise by the attainment of a significant proportion of public investment, it was inherently illogical to expect the supporters of a mass circulation popular newspaper, who might well be keen to spend 5p a day, to show support by investing £25 in the minimum shareholding possible in the SDN, which most could ill-afford. The DOI officials, whether naively or maliciously, were transposing the affluence and practices of the business classes of the City of London to the low paid working class of the West of Scotland.

The government offer of a loan was due to expire on 1 April 1975, after two previous extensions and it was almost a year since the SDN workers had first become unemployed. After such protracted and painful delay the Action Committee wanted to launch the prospectus as quickly as possible in order to allow the maximum time to arouse public interest in the SDN share issue, and to collect the funds promised from the labour movement. At this critical moment, and although the prospectus was now in its tenth draft, Maxwell insisted upon further changes to "liven up the detail to make it attractive to the reader", which reduced the six weeks available for the issue down to three: however inspired the changes, they were minor details, and could not compensate for the damage caused by halving the issue period. (MMM, 21 February 1975). Meanwhile Maxwell secured the further £150,000 from Beaverbrook by threatening to withdraw his own investment. The DoI was not entirely happy with this continued

involvement of Beaverbrook, and it took a few strained telephone calls to A.J.Lippitt an Under-Secretary at the DoI, to convince him that the conditions were not being breached. (MMM, 25 February 1975).

Government Policy

To the SDN workers in Glasgow the DOI loan offer seemed designed to allow the government to make a politically important gesture, yet make it impossibly difficult to transform the gesture into reality. This paradox was the compromise resulting from a basic political struggle in Whitehall between an enthusiastic Benn, reluctant Cabinet, and hostile Treasury. Benn regarded the SDN as a proving ground for workers control, greater operating efficiency, and the creation of a non-capitalist press. The argument in the Cabinet was whether to accede to the principle of subsidising a newspaper. The Treasury throughout remained anxiously hostile about creating a precedent of this kind at a time when many other regional and national newspapers were experiencing severe financial difficulties. (Glasgow Herald, 26 July 1974). Members of the Cabinet were sceptical of the concept of workers co-operatives, and Benn explained their reasoning to representatives of the Action Committee.

"It was the opinion of some members of the Cabinet that it was wrong to have workers money invested in this project. On the other hand, if there had been no workers money in, they would have equally said it was wrong and that there should be. So it appeared that no matter what the circumstances were, they were against the loan being granted."

(MMM, 30 January 1975).

But beneath the double logic which afflicted the government opponents of this and other co-operatives, lay a much more fundamental reason for

their opposition; that while government support to an individual enterprise like the SDN was innocuous enough; in the context of an industrial crisis, particularly critical in the newspaper industry, government support might encourage a national wave of factory occupations in failing businesses which seemed a very real spectre in 1974-75. The one policy Labour Governments have always consistently pursued is to discourage and restrain the independent action of the rank and file of the labour movement. Whilst the government felt constrained to assist the formation of three co-operatives during this period, it was determined not to generate others, and, therefore, in the case of the SDN imposed the most difficult conditions conceivable. Government policy towards the SDN may therefore be traced through three stages: initial disapproval, with efforts to discourage the workers without categorically saying 'no'; then qualified assistance, but hedged in with conditions, ostensibly to guarantee a secure footing for the enterprise, but in practice disastrous because they enforced indefinite delay, the involvement of Maxwell, and much adverse lame duck publicity; finally the policy was one of malevolent neutrality as the co-operative was destroyed by market forces and wound up by the terms of the 1948 Companies Act under which the government had insisted the co-operative was registered. It was, primarily, sensitivity to the precedent of government involvement in the funding of the press which accounted for the stringency of the SDN conditions; however, this does not explain why, having made the commitment to offer the co-operative assistance, the amount provided was sufficient to launch the SDN, but scarcely sufficient to sustain it through a short, and financially precarious existence.

The Government loan to the SDN was a comparatively small sum, was secured and attracted 10% interest per annum. What was contentious, therefore, was the principle of support, not the extent of support.

Yet as pointed out by John Kerr in the Guardian during the early negotiations for the loan, "In terms of 'real industrial democracy and independence' the proposed paper conforms closely with the principles outlined in the Labour recommendations for reform of the press." (12 July 1974). 'Labour's Programme 1973' stated that a truly independent press -

"can come about only if there is freedom from government control and other forms of censorship; freedom from financial dependence upon limited interest groups and from the danger of take-over; and freedom of the editorial function from control by either owner or advertiser. Internal democracy, in fact, is one of the strongest possible guarantees of a democratic and responsive press. The extension of industrial democracy must be an essential part of any new approach to the media in general." (Labour Party, 1973).

Between May 1972 and May 1974 the Home Policy Committee of the Labour Party convened a series of meetings of people working or interested in the media, which were chaired, until March 1974, by Tony Benn. The findings of this body were published in 1974 as a Labour Party discussion document The People and the Media with a glowing foreword by Ron Hayward the general secretary of the party, and concluded on press democracy:

"We believe that industrial democracy lies at the heart of any acceptable scheme for long-term reform of the press Possible solutions might range from full co-ownership to a supervisory board model - composed of management and worker representatives. We certainly want to see developments in worker participation going ahead much faster than they have been able to so far. The introduction of a minimum of internal democracy should be a condition of any publicly

- financed aid to a publication. Alterations to the financial structure of the press industry would hopefully make it once more practicable for co-operatively run publications to be established." (Labour Party, 1974,p.32).

Although reform of the press was therefore high on the agenda of the Labour Party, the Labour Government of 1974-1979 responded with scarcely concealed reluctance to the one opportunity it faced, with the Scottish Daily News, to do something practical, and then proceeded to do nothing about the press, beyond the diversionary appointment of a Royal Commission, for the remaining four years of office.

The government fear of a public outcry at the proposal of state involvement in the press was, as Jimmy McNamara insisted, both unwarranted and misconceived:

"Society will accept government participation in the form of radio and television, but we are so brainwashed that we will not accept government involvement in newspapers. This is ridiculous! We have got government funded TV stations, and government funded national radio, and government funded local radio. But when it comes to newspapers, there is this great 'Freedom of the Press' cry! It's not freedom of the press, it's freedom of Max Aitken, and IPC, and these people to propagate their reactionary point of view, that's what freedom of the press means. It's not freedom for anyone to start a newspaper - which is just impossible. If the government don't give them a loan nobody else can start a newspaper. Nobody. And the economics are such that there isn't a national

newspaper making a profit. They're just getting enough to survive on, or they're living on outside interests".

Thus the Conservative Party's defence of the 'Freedom of the Press', one of the most sacred articles of Tory faith, is merely an important bulwark of the self-interested Tory defence of the rights of private property. (Curran, 1979) Conservative arguments against press subsidies, contending that the 'free press' is supported voluntarily by advertisers and subscribers, whereas a subsidized press would be a compulsory charge upon the taxpayer is about as shallow as Conservative logic can get. The total circulation of daily newspapers in Britain is approximately 16 million, and it is safe to assume that two-thirds of all households receive at least one newspaper per day. The price of each of these newspapers is subsidized by advertising, which contributed approximately £678 million to the revenue of newspapers. (RCP Final Report, 1977). This money is added quite compulsorily, to the price of goods people purchase. People are paying to be convinced that they should buy products which they may not want or need, and complete deception is part of this process.

The twin forces of proprietorial and advertising control exert a powerful pincer effect upon the national press, constricting editorial orientations into a narrow range completely supportive of the maintenance of the capitalist system and the interests of the capitalist class. If any form of public subsidy or involvement is introduced, the Conservatives are determined that there will be no escape from these editorial restrictions. Hence John Farr's almost hysterical reaction to the announcement of the loan to the SDN:

"Another aspect that worries me very much on the proposed Scottish Daily News relates to the politics of the new newspaper. Let us suppose that the

Government loan of £1.75 million, representing about half of the money needed, enables the group to publish a daily newspaper. Is it not right that if public money is to be spent the newspaper must at least be impartial, that at the very least it must present its politics and news in an unbiased manner, and that at the least the committee that is to run it - a committee composed of 16 people - should consist of all shades of political opinion, It is surely better that they should be not extremists to the Left or to the Right, but preferably moderates and at any rate conveying the full spectrum of opinion.

Yet when we examine the committee that is to run the proposed newspaper we find that, far from representing moderate or centre opinion, many of the 16-strong committee are very far to the Left in politics. Its chairman is Mr. Allister Mackie, who is a Bathgate Labour councillor. In addition, the spokesman for the committee is Mr. Nathan Goldberg, who describes himself as of International Socialist sympathies. Five or six of the other Committee members are very Left-wing Socialists and in addition there is at least one paid-up member of the Communist Party. If taxpayers' money is to be put into a project of this nature, and if Parliament is not to have a chance to debate it, surely at least the committee set up to run the project should be of moderate and centre-of-the-road appearance." (Hansard, 29 July 1974, pp.51-2).

Unfortunately, if John Farr had researched the politics of the Action Committee and the SDN workforce, more thoroughly, he would have discovered that the left-wing members were outnumbered by members

whose politics were not too distant from those of himself.

Further ramifications of selective state funding of the press were broadcast in proprietorial outbursts: the deputy managing director of Fraser Newspapers in Glasgow complained -

"There is no question about it, this is unfair competition. In this modern climate of helping lame ducks the Government has overlooked one significant point: that if this newspaper is successful it could well endanger the jobs of other employees in other newspaper companies."

(McKay and Barr, 1976, pp 59-60)

To which a Fraser journalist added:

"And if this subsidised paper ruins the parlous economics of some existing Scottish papers, will the taxpayer be forced to subsidise these too?"

(Glasgow Herald, 13 March 1975)

The contradiction in government policy to which understandably the proprietors of the press made no reference was that selective state intervention in a market economy is frequently inadequate and self-defeating when general changes are needed.

Contradictions of State Intervention

Tony Benn's verdict on the conduct of his Cabinet colleagues in the 1974-79 Labour Government was that:

"The majority of the Cabinet did not understand or support the policies on which we were elected.

...Although we had the support of Conference and through the Manifesto the electorate, we did not at any stage have the support of the Cabinet for

the Manifesto's industrial policies." (Trades Councils, 1980,p37)

The Labour Government was elected in February 1974 with the most radical industrial policies proposed since 1945 which proposed, in the resounding statement of the Manifesto,"to bring about a fundamental and irreversible shift in the balance of wealth and power in favour of working people and their families." The regeneration of British industry was to be achieved through extensive planning agreements with major companies, the development of public ownership through the National Enterprise Board, and the control of workers enhanced through industrial democracy schemes. Planning agreements were to cover all large scale and strategic companies in the private sector and to entail consideration of investment, prices productivity, employment, exports, products, industrial relations, and consumers interests. The National Enterprise Board would be a major new source of investment capital for manufacturing industry, would promote reorganization and sponsor new ventures, would be an instrument to create employment in areas of high unemployment, and would provide the means to extend public ownership into profitable private manufacturing industry. On industrial democracy the February Manifesto promised "an Industrial Democracy Act, as agreed in our discussions with the TUC, to increase the control of industry by the people."

To fulfil such commitments would have involved considerable resolution on the part of the government when confronted by the outraged hostility of capitalist industry. In the event, the commitment of the Cabinet to the maintenance of a mixed economy, proved greater than the commitment to a socialist industrial strategy aimed at alleviating unemployment (Cripps and Morrell, 1979) Despite the manifest failure of limited Keynesian measures to stimulate investment in industry

and revive the British economy, the government felt compelled to retain the confidence of finance and industrial capital by abandoning and undermining the policy of extensive state intervention in industry. The social democratic majority in the Cabinet directed their energies at the dilution of the Industry Bill to a degree that amounted to deliberate sabotage. (Forester, 1979) The wrecking amendments were led by the Prime Minister, Harold Wilson, and reportedly saw the Bill through 25 different drafts. This was the height of the obsession with defeating Bennery, which possessed the City, Treasury, civil service, and Fleet Street in 1974-75, that some of Benn's ministerial colleagues enthusiastically joined in, and which resulted in his demotion to the Department of Energy in June 1975. Though the form of Labour's industry proposals remained, the substance had been effectively discarded.

At the forefront of the effort to dismantle the radical implications of Labour's industrial policies was the civil service. Whether or not Sir Anthony Part, the permanent secretary at the Department of Industry greeted his new Minister with the immortal words, "I presume, Secretary of State, that you don't intend to implement the industry proposals in Labour's manifesto," is irrelevant, what is important is that the civil service, including senior officials in Benn's own Department systematically opposed and prevented the implementation of radical interventionist policies. (Freeman, 1982, p66) Senior officials at the DoI regularly briefed their colleagues at the Treasury, the fulcrum of the opposition to Benn's industrial strategy. (Forester, 1979, p91) Part employed his close contacts with the media to damage his Minister, claimed Brian Sedgemore, the PPS of Benn. (Hansard, 16 January 1979)

The official line of Whitehall is that the civil service are professional administrators who serve no interests, and have no policies, except those of the democratically elected government. In practice it is clear that the civil service have strongly defined views of their own, and the methods to normally ensure their acceptance by the government of the day. Civil servants attempt to bend Ministers to the Whitehall line by constant advice and persuasion in a particular direction, by a deluge of supportive information, the deletion of contrary evidence and the doctoring of statistics, by diversion and procrastination - for example the late arrival of complex papers prior to Cabinet meetings, and by the co-ordination of opposition, including leaks to the press. The result is that Ministers are relegated to a largely reactive role, rubber stamping rather than initiating policies, indeed Ministerial 'interference' in the drafting process is resented by senior officials. (Meacher, 1979) In a stinging attack upon the prejudices of the civil service contained in an appendix to the House of Commons Select Committee on Expenditure official report, Brian Sedgemore accused the civil service of attempting to govern the country according to their own "narrow, well-defined interests, education and background, none of which fits then on the whole to govern a modern, technological, industrialised, pluralistic and urbanised society." Sedgemore vehemently accused the civil service of being "steeped in nineteenth century attitudes," and of having been "culpable in frustrating the interventionist industrial policies of the current government." (Guardian 16 January 1977)

The commitment of the civil service to the status quo is associated with their close connections to the business community. Michael Meacher an MP who has studied the predicament of left-wing Ministers

faced with unco-operative officials has ascribed this to:

"...The enmeshing of the senior echelons of the civil service within the business-finance power structure outside. This occurs at both the administrative and personal levels...This close symbiotic relationship with leading representatives of industry and finance must inevitably raise questions of the impartiality of civil service advice. Not that any implication of conspiracy is intended here, but rather that similarity of class origin and mutuality of interest tends to lead the civil service to a view of what is right in any given situation which closely coincides with the establishment consensus outside Whitehall." (1979, pp179,181)

There is therefore, a subtle but persistent and effective extra-parliamentary power of capital to impress its interests upon governments through the civil service. Senior civil servants are well rewarded for their loyalty to private industry, and upon their retirement can look forward to comfortable sinecures in the boardrooms of leading companies: 26 top civil servants of permanent secretary or equivalent level were recruited by firms in the private sector between 1974-1977. On leaving the Department of Industry in 1976, Sir Anthony Part himself became a director of Debenhams, EMI, the Life Association of Scotland, Metal Box, Savoy Hotels, and Lucas Aerospace. Industrialists and financiers are, in their turn, welcomed in the corridors of Whitehall, where they are extensively recruited to serve on advisory bodies, for example of the 12 members of IDAB in 1974, 11 were company chairmen or senior directors (though this was reduced to 9 later). (Meacher, 1979, p181)

The same cordiality is not, of course, extended by senior civil servants to trade union representatives. On several occasions Benn upset his senior officials at the DoI by agreeing to meet delegations of shop stewards, as he later stated, "The idea of talking to shop stewards then was anathema to most of the civil service." Once Benn was gone, shop stewards who secured access to the DoI, such as the Lucas Aerospace workers were distressed to discover that Ministers were briefed by civil servants who had consulted only with the management in the company concerned, and who were committed to defending the management position. (Wainwright and Elliot, 1982, pp 83,177)

The two elections of 1974 were studied more than most with Conservative and employer condemnation of trade union action in defiance of the government of the law. Yet with the election of a Labour Government formally committed to increasing state involvement in industry, industrialists embarked on a policy of open defiance of the government. The CBI rejected planning agreements and information disclosure as unacceptable constraints on the freedom of capital. When the Director General of the CBI was questioned by the Industry Bill Standing Committee about what would happen if the government allowed trade unionists to get company information by law, he maintained companies would still refuse to give it, and insisted, "Well, it's human nature that if you try to make people do things they don't do them." After a visit to the DoI, shocked CBI officials realised Benn was serious about the industry proposals contained in the Manifesto, and immediately launched a publicity war of opposition, announcing that it "regarded as non-negotiable any attempt to subject the leading 100 companies to a planning agreement system." Incessant whispers began to come from the City that only if Tony Benn was sacked would confidence be restored, and industrial investment be resumed. (Trades Councils, 1980, pp 40-44)

The 'confidence' factor was instrumental in diverting the government away from policies which capital considered harmful to private enterprise, as it had done countless times before." The amount of industrial investment, the level of output and employment, even the survival of governments is decided by the state of confidence, which is assumed to have some objective reality, whereas 'confidence' is nothing more than a political prize awarded by world bankers when they are satisfied that governments are pursuing policies acceptable to the international financial community." (Benn, 1982, p11) And during this period the confidence of international capital was badly rattled for example William Rogers, an official in the US State Department said concerning the December 1976 IMF loan to the UK:

"We had the feeling it could come apart in quite a serious way. As I saw it, it was a choice between Britain remaining in the liberal financial system of the West as opposed to a radical change of course, because we were concerned about Tony Benn precipitating a policy decision by Britain to turn its back on the IMF. I think if that had happened the whole system would have begun to come apart." (Sunday Times, 21 May 1978)

Arthur Burns, chairman of the US Federal Reserve Bank put the situation more bluntly:

"I had my doubts whether the British could correct the fault in their economic management on their own. You must remember I am a neanderthal conservative, and naturally suspicious of a Labour Government. I thought it was a profligate government."

(Sunday Times, 28 May 1978)

Right wing cabinet ministers and civil servants were able to refer to

this kind of negative reaction of international financial interests whenever controversial proposals were considered. As Fred Hirsch, a former official of the IMF has revealed, the true relationship was more complex: the Treasury and City were quite capable of using their international financial contacts to bounce the Cabinet away from sensitive areas, that is financial crises could be engineered when they were necessary. (Glyn and Harrison, 1980, pp 112-3)

Trade union leaders were ineffective in resisting the pressures of capital upon the governments and insisting upon the proper implementation of the electoral promises to the labour movement. The main reason for this failure was that although union leaders were formally committed to Labour's industry proposals, indeed the TUC had played a major role in framing them, they were reluctant to support active campaigning for the achievement of these policies at the company level by shopfloor trade unionists, let alone to lead this struggle. TUC leaders had attained a close relationship with the government, much closer Benn has argued than the relationship between the government and the PLP or Party NEC. (1982,p37) Equally they had discovered a new found status in industry level negotiations with employers on the NEDC and other quangos. What they did not realise , or accepted if they did, was that they were becoming junior partners in a new corporatism, as Alan Freeman tersely described it, "The state served the ruling class, the cabinet followed the state; the Commons legitimised the cabinet's actions and union leaders policed them." (1982,p82) In this situation some trade union leaders regarded their own rank and file as the enemy to be defeated rather than a renegade Labour government or obdurate employers.

The institutionalised inertia, lack of imagination, and downright authoritarianism of the senior echelons of the trade union movement was

revealed almost every time workers attempted to independently put forward proposals for industrial change in line with Labour's industrial strategy. The SDN saga was one example of this, but there were other graphic illustrations. For instance the inspirational Corporate Plan designed by the Lucas Aerospace Shop Stewards Combine received a blank response from the official union movement, which revealed starkly the failings in official structure, policy and leadership. The AUEW took two years to officially approve the Lucas plan by which time it was too late to do anything constructive in support of it. The CSEU proved itself a moribund body spreading paralysis: at first it made no response to the Lucas proposals, and then it forbade the shop stewards from directly contacting the Ministers concerned thus preventing them from pressing the Corporate Plan themselves. Finally, TASS, which as the main union involved should have been at the forefront of the struggle to get management acceptance of the plan, seemed to be more concerned with the connection between the plan and internal union differences of the past. Ken Gill, the general secretary of TASS, began rationalisation and redundancy negotiations with the Lucas management without informing the Lucas Aerospace shop stewards. (Wainwright and Elliot, 1982)

Consequences

Labour's industrial strategy in 1974 was intended to halt the de-industrialisation of Britain as measured in the sustained fall of manufacturing output, manufactured exports and industrial investment relative to other industrial countries. (Benn, 1980, pp 47-73) The abandonment of this strategy meant a critical retreat from the fight against mass unemployment:

"When Labour took office in February 1974, unemployment stood at half a million. When Labour left office in

March 1979 unemployment was 1½ million and was expected to rise to 2 million within two or three years. The manifesto on which Labour lost the 1979 General Election pointedly excluded any commitment to reverse this trend." (Cripps and Morrell, 1979, p95)

All the major planks of Labour's industrial programme were jettisoned. The first to go were planning agreements, which were originally intended to be mandatory, at least for those companies in receipt of financial aid from the government. The removal of any statutory requirement for companies receiving financial assistance to engage in planning agreements, transformed planning agreements into a useless limb of government. Only one planning agreement was ever concluded, with Chrysler UK at a cost of £169 million, which in the event proved to be both transitory and cosmetic. The rest of private industry was left to receive in excess of £1,000 million per annum, without any detailed public accountability as to the purposes it was to be used for. Similarly the NEB was quickly transformed from the conception of a radical agency for industrial regeneration with an important employment creating function, into an industrial bank rationalising companies according to conventional market criteria. Workers who looked to the NEB as a sign of hope for a better future soon learned to associate it with mass redundancies and plant closures: after the NEB became involved in 1976-77 there were 19,000 jobs lost at BL, 5,600 at Rolls Royce, 1,100 at Feranti, 800 at Alfred Herbert and 1,300 at ICL. (Glyn and Harrison, 1980, p 114)

The government's prevarication on the promised industrial democracy measures was so successful that it took four years to produce proposals which were so equivocal that the interest of the most enthusiastic supporters of workers control was effectively stifled. (Cmd 7231)

With regard to the public sector the February 1974 manifesto had promised, "We intend to socialise the nationalised industries. In consultation with the unions, we shall take steps to make management of existing nationalised industries more responsible to the workers in the industry and more responsive to consumers needs." In reality successive public expenditure cuts shook the job security of the public sector: the cuts announced in July and December alone accounting for the loss of 100,000 jobs each. The aggressive injection of capitalist rationality into management controls in the public sector was accompanied by extensive restructuring which involved large scale redundancies in the public services and nationalised industries. (Fryer et al, 1978) In the few industries that were nationalised during this period such as shipbuilding, the shop stewards who had been the strongest advocates of nationalisation sometimes found themselves on the streets, whilst the executives who opposed nationalisation got a place on the nationalised board. (Beynon and Wainwright, 1979, p53) Meanwhile as the dole queues lengthened, declining public sector employment was to an extent compensated for by work creation and training schemes to enable the government to reduce the unemployment figures without reflating the economy, and to keep the unemployed in contact with the disciplines of work at the lowest possible cost, thus 'oiling' the reserve army of labour. (Loney, 1979)

Ironically the main priority of the government during this period was to maintain the life support system of capitalist industry, in the panoply of measures designed to sustain corporate profitability:

"They include grants, loans, and subsidies to invest, to re-equip, to relocate, to train and retrain, for research and development, for export promotion, to halt closures, to finance expansion, to restrain prices,

to sustain jobs, to create jobs, to promote mergers and to help small businesses." (Benn,1982,p144)

In this way approximately £5,000 million was dispensed from April 1974 up to and including forecasts for 1978-79. (Hansard, 20 January 1978, cols 407-8) Since the criteria of financial assistance of the 1975 Industry Act concern the modernization, efficiency, and restructuring of industry, as well as employment preservation, the effect of public aid would more frequently lead to a reduction in employment rather than an increase. Indeed the normal deal between the government and companies, even when very large sums of aid were involved was simply the agreement by the company to impose less drastic redundancies than previously contemplated. Thus for a £6m grant in 1978 Lucas agreed to preserve 500 jobs in Liverpool from a workforce of 1,1450 (while they transferred production overseas). (Wainwright and Elliot, 1982, pp181,199)

The verdict of a Trades Councils' inquiry into the problem was that "state intervention in industry, which has always been a major part of any socialist programme, has failed to live up to people's expectations." (1980.p9) Those workers who had taken Labour's industrial policies seriously were subjected to a protracted and very painful process of disillusionment. It was not only the SDN workers who frequently felt betrayed and rejected by the Labour government. For example, rather than embracing the Lucas workers plan as a remarkable step forward in the constructive participation of shopfloor people, the government regarded the Lucas stewards as a constant irritant. The Lucas workers had good reason to be sceptical of the intentions of Labour's industrial policy, since the Aerospace company was a child of Wilson's Industrial Reorganisation Corporation and had rationalised the aerospace components industry without any

public accountability or consultation with those on the receiving end. The Lucas management repeatedly had attempted to impose closures and mass redundancies, and reduced the Lucas Aerospace workforce from 18,000 to 12,000 in the period 1971-81. The stewards plan was a strategy to end this contraction through the manufacture of a wide range of socially useful products. When the stewards met Gerald Kaufman, the Industry Minister responsible in 1976 they were received with kind platitudes and the advice that they should pursue their proposals through the local consultative procedures with Lucas management. The only problem with this was that the Lucas management were firmly opposed to any meaningful negotiations with the Shop Stewards Combine and were determined to resist any diversification along the lines contained in the plan. Later when stewards pleaded with Kaufman to help persuade the Lucas management to consider the plan he refused to see them on the grounds that they were "not representative". A technical manager for Lucas admitted "I'm quite sure personally that the issue was not the viability of the products from an engineering point of view: the real issue at stake was who manages Lucas." (Wainwright and Elliot, 1982, p114) And it was quite clear the government backed the management.

The 1978 Labour Party Conference called for a planning agreement with Lucas over the implementation of the plan, and for the company to be taken into public ownership if it refused. The White Paper on industrial democracy published that year had insisted that people should be able to participate in company decisions which vitally effected their jobs and lives, but behind the rhetoric, the technocratic arrogance of Labour Ministers was portrayed by Gerald Kaufmann who revealed his lack of faith in the capacity of shop stewards to draw up a corporate plan, "You really are quite often in the position

where the shop stewards in the company can only see the tree trunks because by definition they are very low down. They are grassroots representatives and they can't see wider problems."

(Wainwright and Elliot, 1982,p178) Stewards from the NEB companies, the nationalised industries, the co-operatives and other companies, received an equally peremptory response and learned not to look to the Labour Government for any practical support.

In this way the traditional industrial areas of South Wales, the North East, and Clydeside were neglected and abandoned to structural decline as the whole country became a special industrial development area. The regional NEBs criteria for industrial assistance were so commercial, that most of the funds available remained unused. (Trade Councils, 1980,p12) Regional incentives to industry did not produce balanced growth or a viable industrial base, and the Regional Employment Premium was dropped in 1976 under IMF pressure. (MSRG,1980) Anyway regional incentives had no effect upon companies attracted by the prospect of cheap wages and no taxes overseas. (Holland, 1976) The wide array of industrial assistance and job creation measures did little to arrest the accelerating destruction of jobs through closures. (Craig et al, 1979)

The Labour Government of 1974-79 bears a heavy responsibility for the demoralisation of the labour movement and the collapse of the fight against unemployment in Britain. The government responded to those workers who took some form of action to prevent closures and redundancies in a very negative manner, and refused to consider seriously any solution beyond those imposed by the market and company management. The futility of resistance was impressed upon workers. And this hopelessness was extended to the future too,

"Harold Macmillan's book The Middle Way, published in 1938, in which he called for a planned economy to get rid of unemployment... advocated policies well to the left of the 1979 Labour Manifesto." (Benn, 1982, p107) Indeed the confidence that mass unemployment could be cured seemed to have evaporated among senior Labour politicians, and as Beveridge insisted in 1944 in advocating a massive increase in public expenditure and major extension of the public sector of industry to stabilise investment and bring the monopolies under public control: "Full productive employment in a free society.. is a goal that can be reached only by conscious continuous organization of all our productive resources under democratic control. To win full employment and to keep it, we must will the end and must understand and will the means." (pp272,16)

The fury within the Labour Party at the dismal failure of the 1974-1979 government to challenge the right of capital to reintroduce the social and economic misery of mass unemployment led to a number of important constitutional changes in the Party, including the mandatory reselection of MPs, the extension of control over the manifesto, and the establishment of an electoral college for the leadership elections. However in 1981, despite a renewed commitment in the Party to an alternative economic strategy, it could still be claimed that, "Leading front bench spokespeople were almost without exception opponents of the policies they were supposed to fight for." (Freeman, 1982, p129) In this context, the monetarist orthodoxy of Thatcherism had a field day and to the astonishment of many encountered little militant opposition on the ground as the British economy was almost consciously driven into reverse. In a brief decade the courage and idealism which inspired the UCS workers to stop the closure of the shipyards on the Clyde in 1971 was replaced

by the despondency that allowed the closure of the Talbot Linwood car plant near Glasgow without any effort at resistance.

Benn and Workers' Initiatives

In a powerful but unfortunately not prophetic statement to the 1973 Labour Party Conference Benn declared, "The crisis that we inherit when we come to power will be the occasion for fundamental change and not the excuse for postponing it." (Coates, 1979, pp 127-8) However Benn was regarded as so dangerous by the establishment, as there were grounds to believe he meant what he said, and since he seemed to be taking the opposite political trajectory to most Government Ministers:

"It may seem strange that a Cabinet Minister should be radicalised while in office. It would be more usual for a radical MP to be converted to respectability the moment that he receives his Seals of Office. For me it was different. The shipyard workers who organised the work-in at Upper Clyde Shipbuilders, the brave men and women who fought so hard to set up Meriden and Kirkby Manufacturing and Engineering as co-operatives, and the brilliant and humane shop stewards at Lucas Aerospace combined with hundreds of others to give me an education in the real meaning of practical socialism which no books or teachers could have matched." (1980, pp 16-17)

Benn could not see why trade union negotiating rights should be restricted to wage bargaining, and wanted unions to tackle the "real causes of progressive decline" by negotiating over investment,

prices, research and development, export marketing, and products." He insisted, "The contradiction, to which socialists have often drawn attention, of unmet needs, unused resources, and unemployed people side by side must be resolved." (1980, pp152-4) Benn's enthusiastic receptiveness to workers initiatives to maintain employment dismayed senior civil servants at the DoI: the sight of a delegation of 34 shop stewards from the Lucas Combine Committee crowding into Benn's office at the DoI in November 1974, induced something close to panic! The worry among officials was that Benn was not simply listening to proposals from workers he was actually encouraging them. It was Benn who suggested that the stewards should draw up a corporate strategy for Lucas Aerospace. (Wainwright and Elliot, 1982, pp 7-8) In the case of KME Benn simply refused to talk to the existing management of IPD whom he distrusted, but instead offered the union stewards a feasibility study and assured them he was ready to consider a request from them for assistance. This meeting occurred on 25 June 1974, and the factory occupation did not begin until 12 July when the receiver was called in. (Clarke, 1974, p7)

The constitutional dilemma Benn had exposed, to the consternation of his colleagues, was the relationship between socialist change through parliamentary means and extra-parliamentary direct action. Benn was not a revolutionary, and shared the veneration for the peculiarly British tradition of parliamentary democracy of other long standing Labour MPs. However whereas other Labour Ministers translated this principle into a duty to discourage the labour movement from attempting any effective form of direct action, Benn elaborated a distinction between "law breaking in pursuit of conscience" and "revolutionary action to replace parliament." (Freeman, 1982, p141) The practical support that Benn was able to offer to workers struggles

was successfully confined by the Cabinet to a few cases, however the fear that Benn was capable of provoking a dangerous mood of militancy that might be less easily controlled in the future disturbed them.

From 1979 onwards distinctly different interpretations of the alternative economic strategy existed between Benn and his supporters and the official shadow cabinet. The shadow cabinet regarded the AES as little worse than a more radical expression of Labour's traditional commitment to increase state intervention in industry. Benn believed the AES could only be implemented by a socialist partnership between a Labour Government and an active trade union movement pressing for the same changes. Yet socialist critics of Benn and the AES, maintained that the strategy contained the same flaws as previous efforts at intervention: there was no resolve to effectively control the extra-parliamentary power of capital, there was little awareness of the likely extent of retaliation and the means to combat it, and working class support was assigned a secondary role; therefore the erosion and assimilation and ultimate failure of the alternative strategy was as inevitable as it had proved in the past. Benn has never recognised the possibility that "the acts and omissions by Labour Governments which are castigated as 'errors' and 'betrayals' are in fact a natural outcome of the logic of reformism; and that this logic is inherently antipathetic to working class mobilisation." (Hyman, 1974, p256) Such critics recognise a crucial difference between strategies for socialist change based on central government policies and official union structures, and the self-activity of the working class around locally based rank and file struggles for jobs, houses, schools and hospitals. (CSE, 1979) In other words, in a neat reversal of roles, instead of Labour Governments calling upon the

loyalty and support of working class organisations, workers should develop their organisations as an effective source of political power outside the state which could command the loyalty and support of a Socialist Government:

"This idea, that workers' industrial and social organisations should themselves develop political power, requires a reversal of the traditional relationship between these organisations and their representatives within present political structures. We are arguing that it is workers' industrial and social organisations which have the potential power to control and eventually socialise private capital. The role, then, of a Socialist Government should be to provide a back-up, a means of co-ordinating and generalising this power and the initiatives which it creates." (Trades Councils, 1980, p147)

Benn's Support of the Scottish Daily News

If the vision of a revitalised mass participatory democracy remains a distant prospect, doubts also surround the prospects of Benn's more pragmatic approach to socialist change. For example, though the three co-operatives Benn helped to found were small, but very significant monuments to his controversial tenure of the post of Secretary of State for Industry in 1974-75, the destructive constraints imposed on his policies, and the acute dilemmas which confronted the co-operatives, reflect contradictions in Benn's own political convictions. Though Benn had rejected the technocratic managerialism of his days as Minister of Technology in the 1960s, and increasingly assumed the ideals of a radical socialist in the mid-1970s, asserting

strongly the importance of working class initiatives, he still seemed to be firmly bound by governmental, parliamentary and corporatist institutions which systematically suppress, distort, and divert independent working class action, even though paradoxically, he had become the most celebrated critic of those very institutions. One result of these contradictory inclinations was that although Benn through a sustained effort was able to ensure the launch of three large co-operatives, he was not capable of preventing the imposition of financial straitjackets which guaranteed the disaster of the SDN and the difficult life of the other two organizations.

As Minister Benn was the instrument through which the Government conditions on the SDN were exacted, and the mass media frequently identified him with these conditions which he bitterly opposed. The workers at the SDN were immensely reassured that they had the Minister behind them, but often he seemed powerless to help against the attacks of the government and even his own civil servants. Benn often advised the Action Committee on how to overcome these attacks however, and applied an interesting interpretation of the notion of collective Cabinet responsibility to which all Ministers are formally shackled. Thus at the end of January 1975, when it looked as if the government was considering withdrawing the offer of a loan, it was reported to a mass meeting that:

"A.W.Benn, himself, was of the opinion that the conditions had been met but he was subject now to the Cabinet decision and urged and encouraged and outlined the tactics that should be adopted to defeat the hostile factions." (MMM, 30 January 1975)

Though the SDN loan was eventually squeezed out of the unwilling government, the crippling conditions were preserved intact, and the frequent attempts to alter them proved fruitless. In particular, the

financial contribution and consequent participation of Robert Maxwell in the venture seemed extremely hazardous. Despite the adverse reports on Maxwell recently prepared by his own Department Benn was unable to help and was , somewhat naively, optimistic about the resilience of the SDN workforce. Mackie pleaded with Benn to replace Maxwell's money with a DOI loan, but Benn replied, "I think you lads can keep Maxwell in check."

THE DESCENT OF ROBERT MAXWELL

Robert Maxwell descended upon the struggling workers of the SDN from the heights of prestigious international publishing, conglomerate financial manoeuvres, and board room intrigues, which had made him in the opinion of the Sunday Times which followed his complex career closely, "one of the most significant entrepreneurs of the past twenty years." (24 August 1969) Yet as a Labour MP intimately connected with the academic establishment on both sides of the Atlantic Maxwell had also accumulated more than a veneer of social respectability. It is therefore important to examine the business development of Robert Maxwell carefully to appreciate the seriousness of the threat with which the SDN workers were confronted in retaining control of their company, the immense difficulty of restraining such an overwhelmingly dominant character, and the full extent of the responsibility of the D_OI in knowingly unleashing Maxwell upon a commercially vulnerable and politically unprepared workers co-operative.

By the development of aggressive modern business techniques in the traditional and gentlemanly world of academic and technical publishing, Maxwell had built the Permagon group into a multi-million pound concern by the late 1960s. However the path of Maxwells business progress was not exactly strewn with commercial successes, in fact, the opposite was nearer the truth:

"Maxwell's first major business operation, in the early fifties, was to get control of Simpkin Marshall, the large and respectable book wholesaling firm. Four years after he had acquired it, Maxwell had run it into the ground, and into liquidation, with debts of half a million pounds. At the same time he had as a bookseller managed to deal a severe blow to the British book trade in general. But Maxwell, remarkably, managed to avoid much of the blame. The company was over a quarter of

million pounds in debt when Maxwell bought it in 1951 for a mere £50,000 in cash. The rest of the acquisition deal concerned some intricate operations with the company's debts, which showed that, at one stage Maxwell was owed £160,000 by the ailing company.

Maxwell then raised finance for Simpkins, on which he paid interest, and proceeded to advance substantial sums from Simpkins, interest free, to his other private enterprises. He was therefore using Simpkin Marshall, bluntly, as a bank - and on exceptionally favourable terms. Simpkin Marshall collapsed ignominiously in April 1955. Maxwell, as the Official Receiver discovered, had been financing major operations, especially the acquisition of the British Book Centre in New York - now the base of his US operations - out of an insolvent company, Simpkin Marshall." (Sunday Times, 21 September 1975).

From this time Maxwell began to build the wealth and reputation of Pergamon on the basis of the enormous post-war expansion of scientific and educational publishing. Pergamon captured the market in important academic areas and then proceeded to charge extremely high prices for this specialist knowledge. The Sunday Times reported:

"In 1965 the calculated average annual subscription to scientific journals other than Pergamon's throughout the world was £6-1s-0d. British journals, excluding Pergamon, averaged only £4-3s-8d. The average Pergamon journal cost £16-7s-4d. Four years later the prices were £9-9s-4d, £5-12s-9d, and £25-11s-0d." (21 September 1975).

Pergamon's progress was admired in financial circles in the 1960s and shares in the company were popular in the City when Maxwell turned Pergamon into a public company. The trading relation between Maxwell's private companies and the Pergamon public company provided a means to artificially, and temporarily, increase the profitability of Pergamon, thus improving the share value. Pergamon shares were then used by Maxwell in an incredible series of takeover attempts:

"Maxwell had grasped the essence of the takeover game: that a public company did not need cash to take over other companies. If you could keep your share price high, then the shares themselves made a most effective currency, which could be used to buy the shares of companies with lower prices. Share price depends to some degree on a company's image, and Maxwell was expert at using the media to project an impression of streamlined, computerized efficiency. But in the end, share price depends upon expectation of profit, and during the Sixties Pergamon reported startling profit growth. By 1968 Maxwell was talking in terms of profits of £2m on a turnover of less than £10m. Dazzled, the City attributed scepticism to 'sour grapes'. In reality, Pergamon's profits were being inflated by, among other devices, manipulating the relationship between the public and the private companies. When profits were needed, Pergamon would 'sell' large quantities of stock to the Maxwell private interests, hopelessly bad debts would be transferred into one of the private concerns in order to avoid deductions from the Pergamon profit." (Sunday Times, 21 September 1975).

In 1965 Pergamon had a deal with the Macmillan Company of New York, which effectively committed Macmillan to take up to two-fifths of the total print run on some categories of books, no matter how many, or what kind of books Pergamon chose to produce. Typically, the deal collapsed in a furious burst of litigation. Maxwell then turned his attention to George Newnes Ltd, an encyclopaedia publisher, which he acquired in partnership with the British Printing Corporation (BPC) and transformed into International Learning Systems Corporation (ILSC). At this time Maxwell was chairman and managing director of Pergamon, and chief executive of ILSC. Exuding supreme confidence, Maxwell typified the extrovert, acquisitive optimism and weak commercial foundation of the fast-talking businessmen of the late 1960s. However Maxwell's ambitions reached their apex when he was prevented from entering the

enticing world of national newspaper publishing and failed to acquire the News of the World organization in a £26 million bid in September 1968, being beaten by Rupert Murdoch an aggressive global publisher and entrepreneur of even greater stature. An attempt to takeover another major publisher, Butterworths, brought another reverse when Butterworth's chairman cast doubt on the projected Pergamon profit figures offered to Butterworth shareholders. Finally Maxwell failed to negotiate the sale of Pergamon itself, when in August 1969 the Leasco Data Processing Corporation of the United States withdrew a £25 million bid for Pergamon Press due to the condition of the accounts of ILSC; the relationship between Maxwell's private company MSI Inc and the public company Pergamon; and the composition of Pergamon's last profit forecast.

The DTI Reports On the Affairs of Pergamon Press.

The dramatic failure of the Leasco deal rocked the stock market, the Pergamon shares plummeted, dealing in them was suspended, and the City Takeover Panel was rather belatedly alerted. The Board of Trade appointed inspectors under Section 165(b) of the 1948 Companies Act to investigate the affairs of ILSC and Pergamon in September 1969, and the Department of Trade and Industry (DTI) extended the protracted inquiry to include Maxwell Scientific International (Distribution Services) Limited (MSI(DS)) and Robert Maxwell and Company Limited. (R.M & Co.). in January 1971. The inquiry reported in three impressive volumes published by the DTI:

1. Report on the Affairs of International Learning Systems Corporation Limited and Interim Report on the Affairs of Pergamon Press Ltd. (HMSO, 1971).
2. Further Interim Report On The Affairs Of Pergamon Press Ltd (HMSO, 1972).
3. Report On The Affairs Of Maxwell Scientific International (Distribution Services) Limited, Robert Maxwell and Company Ltd, and Final Report On The Affairs of Pergamon Press Ltd. (HMSO, 1973).

These volumes make gripping reading, they are comprehensive, detailed and almost unremittingly damning of the business orientations and practices of Robert Maxwell. They would make informative and exciting course material for students of company law, accountancy, business studies and social science. If they had been published in paperback they would have been a runaway bestseller, though people may have found it hard to believe that it all actually happened. They amount to a fascinating, and probably unique, insight into the personal psychology and business practices of a prospective press baron.

The inquiry was conducted by a barrister, Sir Owen Stable, and a chartered accountant, Sir Ronald Leach, and examined with great diligence the intricate business connections of the Maxwell companies despite the constant impediments which were placed in their path. Maxwell originally wrote to the DTI inspectors, "I entirely share your view that speedy completion of the Enquiry is most desirable from everybody's point of view." (HMSO, 1971, p2), but when the inspectors declined to give him several undertakings Maxwell refused to appear before the inspectors who had to apply for a court order which took nine months before he was forced to give evidence. The inspectors were also delayed because no audited accounts existed for ILSC from June 1967 before July 1970. Such technical problems beleaguered the inspectors who declaimed "the casual and unbusinesslike manner in which the affairs of the ILSC were carried on", and "the laxity and carelessness that was shown in observing normal business procedures in Pergamon". (HMSO, 1971), (pp 69,81). To make matters even more difficult, Maxwell showered the inspectors with lawsuits which held up the inspectors work, though Mr. Justice Wien declared in December 1972:

"I am satisfied that in every instance the Inspectors gave proper and sufficient notice to Mr. Maxwell of what was said against him or what it was he had to meet ... He was given ample opportunity of making any

explanations he wished I consider that they succeeded in being eminently fair and that the plaintiff has no just cause for complaint .. In my judgement this action completely fails. Not a single allegation which has been made by Mr. Maxwell can be substantiated." (HMSO, 1973,p.659).

Yet Maxwell, disingenuous as ever, actually used the delay which he was primarily responsible for, as proof of his innocence; thus he pointed out that under the 1967 Companies Act if the DTI inspectors had evidence of serious offences they would be impelled to take action immediately, and approvingly quoted his successor as chairman of Pergamon, Sir Henry d'Avigdor-Goldsmid, "The mere fact that they have been sitting on the business for a year and a half and have not reached any conclusion must indicate a sort of negative evidence." (Sunday Times, 2 May 1971). In fact Maxwell succeeded in delaying publication of the final report of the inspectors, on the dealings between his private companies and Pergamon, until April 1974, when the House of Lords dismissed his appeal, but by which time he had regained control of Pergamon and was about to embrace the Scottish Daily News.

Hire Purchase Books.

The saga which erupted in the Lea sco storm, really began with the acquisition in December 1965 of the Newnes Subscription Book Division (SBD) for £1 million to become a part of Pergamon SBD. Newnes SBD was sold by the International Publishing Corporation who had incidentally acquired it in another takeover. IPC were not interested in the subscription book business and withheld publication of the fourth edition of Chambers' Encyclopaedia after it had been printed. The chairman of IPC, Cecil King, informed the inspectors that he did not consider that a subscription book business could be run profitably unless selling methods were employed which he did not regard as ethical, and which he was not prepared to countenance. As the Sunday Times caustically pointed out, subscription books are hire purchase books disposed of ^{by} the worst

conceivable sales methods, "one must rid oneself of any lingering illusion that the encyclopedia world is in any way a quiet or scholarly one. In it are found some of the most carnivorous salesmen who ever stuck a foot in a door." (24 August 1969). When Maxwell was asked why Pergamon decided to go into the subscription book business, he replied:

"Because it (Pergamon) expected it to be a very profitable venture. Having had the background of representing Encyclopaedia Britannica in this field and knowing how profitable that business was and knowing further that Chambers' Encyclopaedia was as good as anything the Americans had, there was no reason why, given the American marketing technique, we should not obtain a very reasonable share of the world market." (HMSO, 1972, p,211).

Yet in a letter to the DTI Inspectors Cecil King disputed both the potential profitability and the morality of this activity:

"The reason (why I.P.C. sold) was that we had bought 3 subscription book companies in various takeover bids, and it had become apparant that it was impossible to make money in such enterprises by methods that could be countenanced in private or defended in public. In the case of Chambers, for instance, at any one time there were large numbers of cases outstanding in the county courts forcing people to pay their instalments on very expensive books they did not want." (HMSO, 1972,p.328).

Such considerations though, did not disturb the pursuit of profits by Robert Maxwell who passed the debts of Newnes SBD and later Pergamon SBD to Messrs Wilders and Sorrel, a firm of solicitors who collected debts as part of their practice, employing the full weight of legal duress. The numbers of people pressured over Chambers subscriptions in this way was quite staggering:

"At the 1st January 1967 the face value of the debts with Wilders and Sorrell amounted to approximately £88,000 and were the aggregate claims in 9,500 court cases of which 7,000 were in English and Welsh County Courts and the remainder in the courts of Scotland, Northern Ireland and Eire." (HMSO, 1973,p. 382).

Later £45,213 worth of debts of Pergamon were sold to MSI (DS), to avoid avoid adjustment and reduction of the assets of Pergamon when Maxwell was trying to buy the News of the World. Maxwell was asked by the inspectors whether debt collection was the line of work of MSI (DS), to which he replied:

"No. But I intended and planned for MSI (DS) to expand into this line of business, with the Newnes debts of Pergamon and many others which were available then, because I was very impressed by the excellent success and returns that Hayes Securities were making out of this line of business, and the demand for this type of service, both by accounting firms and banks with companies which had got into trouble, was rising, and I felt that this would be good business for MSI (DS) to be in, but not good business for Pergamon to be in.... These people must be sued, and I just did not want Pergamon and its subsidiaries to be involved in this suing people in county courts all over the country We would have had to report in our annual accounts that we had gone into this type of business, and I think the papers would have picked it up as a Pergamon subsidiary whereas my judgement was that as a Maxwell private company it would not have made any difference. It would have lowered the imagine of Pergamon to go into this business." (HMSO, 1973,pp 415-6).

Pergamon were advised by both their business consultants and merchant bankers not to expand into such a risky and difficult area, but, "were more or less told that Maxwell was the organ grinder and knew what he was doing." Maxwell announced to the press that "this major acquisition will substantially increase the profitability of the group." (HMSO, 1972, pp 215,216). In a letter written in 1965 Maxwell

predicted profits of between £300,000 and £500,000 per annum from subscription books. By the unjustified transfer of bad debts, the listing of overheads as non-recurring expenses, and the invoicing of sales to Maxwell companies which never took place, the "profits" of Pergamon SDB were inflated, and from the date of Pergamon's acquisition of Newnes SBD to the transfer to ILSC in July 1967, Pergamon included in its accounts "profits" of £1,269,000. In reality, as Maxwell later acknowledged, encyclopaedias were an unmitigated disaster for Pergamon. "International Learning Systems Corporation was a real whopper - the one element in Pergamon that I really regret." (Sunday Times, 2 May 1971). The report on the Pergamon accounts for 1968 and 1969 by Price Waterhouse recorded Pergamon's share of the ILSC total losses as £2,123,000. (HMSO, 1972, pp 326-8). Yet Robert Maxwell was remarkably unrepentant about having engaged in a business of such low esteem as door to door selling, and focused upon the technical rather than moral problems involved: "I was and am convinced that the publisher of the future has to have a door-to-door sales force. Electronic video recording in particular, which must represent the dominant education, training and home entertainment package of the future can only be sold in this way, and even in conventional books, only 7% of people in the UK ever go into a conventional bookshop. I would still be prepared to go back into direct selling. But next time I would be very careful about training, and put a high premium on honesty. And the people would be on salary, not on commission, where the temptation - as we found out - is to sell encyclopaedias to the names on the tombstones in the nearest cemetery." (Sunday Times) 2 May 1971).

A World Tour.

One amusing adventure which revealed the essence of the Maxwell style of business occurred in January 1967 when Maxwell embarked upon a

world tour to promote sales of Chambers encyclopaedias. Immediately upon his return, Maxwell organized a press conference at the Dorchester Hotel, where he declared the success of his 70,000 mile inter-continental tour was "a lesson for the rest of the British business community. He stated that he had sold 7,000 sets of the fourth edition of Chambers worth £1 million in the course of his travels, and that he had secured firm future orders worth £3 million a year for Pergamon's publications, £1½ million for Chambers, and £1½ million for other Pergamon products." (Financial Times, 24 February 1967; Sunday Times 24 August 1969). Yet the total sales of Pergamon SBD during the six months to 30 June 1967 were recorded as £584,000. Maxwell had claimed that out of the 7,000 sets sold, 500 had gone to the Standard Literature Co. of India, but a telegramme to the managing director of the company received the response "No order placed". The United States had supposedly ordered 1,500 sets, but the inspectors concluded that the sales had already been made and accounted for. The marketing manager for Pergamon SBD, Philip Harris, when Maxwell cabled his sales figures from abroad, arranged a meeting with production staff to organize an immediate reprint. The unfortunate Harris explained: "I had about an hour's session with all the production people saying 'I have had such figures from the Chairman as lead me to suppose that we shall be effectively out of stock long before we can get a reprint in!' On the last advice it was going to take the best part of 12 months to reprint and I am taking it on myself now to put everything in hand at full speed. I hadn't been asked to do it by Maxwell ... but if his figures were right, and I had no reason to suppose they were wrong, we were out of stock or would rapidly be ... I was severely clipped behind the ear by Maxwell when he came in. He said, "You've upset them all at Oxford. They have been running round setting up reprints! But I said "You need it. I would have expected to be clipped for not doing so on your figures'. He

said, 'Those figures are for the public' When I left in June (1967) there was no reprint put in hand and there was no urgent panic about being out of stock". (HMSO, 1972, p.341).

In fact, far from selling 7,000 sets during the world tour, less than 7,000 sets of the fourth edition of Chambers were sold, or given away, during the year and a half Chambers was a Pergamon SBD publication, before transfer to ILSC. The DTI inspectors sternly concluded on this affair:

"In our opinion Mr. Maxwell made the claims for sales and firm orders which the Press reported him as having made at the Press conference on 22nd February 1967. We are firmly of the opinion that the claims which Mr. Maxwell made were exaggerated and that he knew that they were. In our view this is a serious instance of a director of a publicly quoted company falling below the standard which we consider should be observed when commenting upon the affairs of his company to the Press ... The history of Pergamon SBD is a history of the overstatement of its normal trading profits and of exaggerated claims of the sales of the 4th edition of Chambers Encyclopaedia. Both are in our view serious matters because both must have had a material effect on the value of Pergamon's shares in the stock market: both must have had far reaching effects on BPC and its shareholders and both must have played a significant part in bringing the shareholders of Pergamon to their present unenviable plight." (HMSO, 1972, pp 344,347).

International Leasing Systems Corporation.

A second tributary that simultaneously led to the Leasco affair, was the acquisition of Caxton Holdings Ltd by Pergamon. The DTI inspectors record how Maxwell poached the sales staff of Caxton in South Africa, which provided a quarter of the business of Caxton, and then made a takeover bid for Caxton and secured it at a much lower price than he could otherwise have done. During the takeover a document was sent

to shareholders of Caxton asserting: "There is no agreement or arrangement whereby any shares of Caxton acquired pursuant to the offers will or may be transferred to any other person." When in fact Pergamon had been discussing with the British Printing Corporation for them to take 50% of the Caxton business, upon completion of the Pergamon deal (HMSO, 1971, p 44) Caxton Publishing was merged with the Purnell and Buckingham (Pergamon SBD) companies to form the International Learning Systems Corporation, which was owned jointly by Pergamon and BPC. On the pretentious change of name of Caxton to ILSC the inspectors sadly comment: "the man whose invention probably made a greater difference to the habits of mankind than any other invention before or since ceased to be brought to mind by having his name incorporated in the name of a publishing or printing company." (HMSO, 1971,p.72).

The relations between Maxwell and the ILSC management reveal clearly the paradox that his own dynamism resulted directly in the weakness of the corporate structures of the companies he controlled. L.C. Schilling, previously the secretary of Caxton, became the financial controller of Buckingham in November 1966, and was asked by the inspector to describe Maxwell, he replied, "He is tough:hard. Whatever he wanted he went after - a very difficult man to work for, inclined to run everything under his own aegis. It was very difficult to make a decision at any time without seeing him. He was a very difficult man. One never knew quite what was behind some of the decisions that he made and he never said." The inspectors agreed that Schillings assessment of Maxwell was accurate. (HMSO 1971,p.13). The financial director of ILSC from December 1967 to 1969 was H. Moppel, who had a disagreement with Maxwell, and resigned in 1968 with six months of his contract to serve: "he asked me to disappear and not to come back for six months. He forbade me to take any other appointments during that six month period In

May 1968 he had six senior executives, five of whom were discharged within probably a month of each other, and he did not replace these senior people. We lost all the experienced, good management of ILSC, people who knew the business All these people went in one fell swoop basically." Asked by the inspectors what accounting and management information he found was available to the ILSC board when he arrived, Moppel replied, "The simple answer is none whatsoever. No accounts had been produced of any nature since the formation of the company. . . ." (HMSO, 1971, pp 77-78). Maxwell displayed hardly enlightened staff relations for a Labour MP and applied a novel technique in dismissing senior staff: "On the 15 May 1968 Mr. Maxwell removed Mr Le Bas (Director) and Mr. Jenman (Sales Director) from their appointments. He did this by dating resignation letters which he had required them to sign undated at the time when Pergamon's takeover of Caxton had been completed." Their removal followed allegations against Mr. Jenman from an employee of ILSC: "Mr. Maxwell moved with great speed. He acted to remove Mr. Le Bas and Mr. Jenman without asking either of them whether the allegations were true or giving them any opportunity to say anything about them." The ILSC board minute of Jenman's dismissal was an intriguing example of newspeak: "It was resolved that in order to simplify procedures: 1 Mr. R.E. Jenman be asked to resign from the Board of ILSC. . . ." The inspectors noted, "During the period from 1 July 1967 to the date of our appointment (September 1969) the office of secretary (of ILSC) was held by five different people. (HMSO, 1971, pp 154-5). Thus although with his personal business dynamism Maxwell cut a swathe through a series of complex takeover deals and achieved the acquisition of a range of companies, the trail of resignations Maxwell's approach occasioned and the flimsy, if highly centralized, control structure which ensued, meant that in reality the Maxwell companies commercial activities were poorly administered.

The DTI inspectors thorough investigation of the business practices of ILSC revealed a catalogue of corporate laxness and misconduct. The inspectors discovered four agreements executed on 1 March 1968, which had been antedated, two to 29 December 1967, two to 30 December 1967, "by which ILSC was clothed with legal formality..... None of the boards of any of the six companies concerned met to authorise the execution of any of these agreements". (HMSO, 1971, pp 106-7). The minutes of board meetings of ILSC were equally suspect "There are a number of minutes of meetings which did not take place recording decisions as decisions of the directors stated in the minutes to have been present, which were decisions of one or more directors of which the others in some instances were totally unaware. We were also told that we could not rely upon the accuracy of those parts of the minutes which record that previous minutes were read and approved." The inspectors reported that there was no record that the accounts of ILSC for the year ending 30 June 1967 were formally approved at a directors meeting. The scale of the problem of unreliable minutes the inspectors unearthed was considerable:

"There is a document, signed by Mr. Maxwell which purports to be the minutes of the Board of ILSC of 30 January 1968 ... authorising that the capital of ILSC be increased from £1,000,000 to £2,000,000 and resolving to hold an EGM and that the secretary serve on the members notice of the meeting and obtain their consent to the EGM being held at short notice. The meeting of directors is, according to the minutes, said to have adjourned and then to have reconvened, when Mr. Maxwell reported that the EGM had passed the resolution to increase the capital There is no record of attendance relating to this meeting and we are of the opinion that the meeting never took place, though allotment letters were issued by ILSC.... We think that the minutes were brought into existence to clothe with some semblance of formality a decision between

Mr. Maxwell, whose signature appears on the minutes, and the BPC, taken without any regard to the restrictions on the powers of the directors of ILSC as set out in the Articles of Association, without regard to the method of altering the capital as set out in the Articles of Association and without regard to the views of other members of the Board of ILSC". (HMSO, 1971, pp 116-125).

The payment of improper and unjustifiable dividends by ILSC was another subject which concerned the inspectors. In 1968 ILSC paid a dividend of £47,453 to Caxton Holdings: "This payment was made not only without the Board of ILSC recommending the declaration of the dividend but also without any director of ILSC, who was also a director of BPC being aware of it, and without the shareholders of ILSC authorizing the payment at a general meeting before payment ... we are of the opinion that Mr. Maxwell had no power to authorize the payment and that it was an improper payment." Furthermore two interim dividends of £100,000 net were paid by ILSC to Pergamon and BPC on 29 December 1967, and 30 June 1968 (and then loaned back to ILSC); the decision to pay the first interim dividend was made at a board meeting of ILSC which did not take place in the view of the inspectors, and despite the fact that "there was no information available to the Board regarding trading results of the first six months of the venture and apart from a general air of optimism, none of the directors had any information regarding profits." One director, Le Bas, laughed when he was informed by the inspectors that a dividend had been paid, and when asked "would he have assented to a dividend at that time replied: 'No. It was absolutely crazy. There could be no possible reason why we had £200,000 to pay out in profits. There was not any accounts'."

The confidence of Maxwell on the ILSC balance was based on the level of sales, but the inspectors commented "whereas the level of sales in many businesses is a useful factor in estimating profits, it has little value in the business of selling encyclopaedias on credit terms.

In fact, since very substantial commission - as high as 40% - is paid to salesmen when the order is obtained (and a small down payment only, made by the customer) sales can represent net losses ... the key is whether the customer is prepared or able to contribute his monthly payments. Despite sales aggregating £15,870,000 for the 27 months to the 4 October 1969 ILSC according to the audited accounts made a trading loss of £3,687,000". Why were these payments made when there was no justification for them? The inspectors concluded: "Mr. Maxwell and Mr. Pickard were the directors responsible. In our opinion, they were determined that a dividend should be paid so that the profits of the two parent companies should include a return on their investments in ILSC." (HMSO, 1971, pp 121-141). Similarly, the accounts of ILSC were delayed through 1968 and 1969, because, the inspectors thought, Maxwell wished to state to Pergamon's shareholders that ILSC was "at present profitable", but he was made aware that BPC "would have difficulty in joining him in this assertion". Maxwell wanted to state to Pergamon shareholders that ILSC had no claim against Pergamon or BPC under the profit warranty, by which Pergamon had guaranteed a certain profit level to BPC, when BPC believed that Pergamon's liability was £100,000 - £150,000. (HMSO, 1971, p.162).

The Leasco Takeover Deal.

This frenetic financial activity was intended in 1968 and 1969, to inflate the profit levels of Pergamon, and thereby bolster its share price, firstly in the abortive attempt to takeover the News of the World organisation in September 1968, then in the equally spectacular failure to sell Pergamon itself in August 1969 to Leasco Data Processing Corporation. In May 1969 Maxwell wrote a letter to Bernard Schwartz, President of Leasco which was a tissue of misrepresentation:

1. Maxwell seriously misrepresented the activities of another company which was also a business partner:

"BPC have recently been doing all they can to depress the value of

ILSC in the hope that they might buy it cheaply; a consequence of this has been that the price of Pergamon shares has been adversely affected." The inspectors maintained, "We have not come across a scintilla of evidence to justify this statement. Mr. Maxwell, in giving evidence to us on the affairs of ILSC over six days, produced none. Such evidence as there is indicated that at this time BPC were contemplating selling their interest in ILSC to Pergamon".

2. Maxwell indulged in character assassination: "For the first year the business was being run with my consent by the founder of Caxton Publishing Company and the protege of BPC, Mr. Le Bas, whom I had to fire because he was too fond of liquor." The inspectors stated "We do not think Mr. Le Bas' drinking habits had anything to do with his dismissal, the complaint (from an employee) against him is that of failing to take effective measures to prevent extravagance in the administration in Australia. There is no hint in the letter that Mr. Le Bas was drinking to excess. The evidence we have heard has caused us to be of the opinion that at the time of his dismissal, Mr. Le Bas was an abstainer."

3. Maxwell complained of other managers incompetence, when he was in control, in order to blame them for commercial problems he was responsible for himself: "It was not until after the battle for the News of the World towards the end of last year that I realised the inadequacy of the then management. I had to make a clear sweep by dispensing with Mr. Moppel's services and two others. I then took on, almost on a full time basis, the day to day management of the company, implementing in detail all of the policies that I had asked previous management to do". Maxwell later asserted to the inspectors that he was never really chief executive other than in name whilst Le Bas was managing director of ILSC and that whilst he did have the right to countermand, he left the entire running of the company to Le Bas and did not interfere. But the secretary of

ILSC at the time, Harper, described his duties to the inspectors as, "To carry out Mr. Maxwell's orders to the letter and do nothing more It was to Maxwell that I reported ... I was required to report at any time on every day to Maxwell." Another director of ILSC, Holme, commented: "There used to be rather humiliating scenes in Board Meetings when Maxwell would tell Le Bas off and treat him like the office boy, but one felt nevertheless that Le Bas was relatively quite a strong character. Probably on a day to day basis Le Bas was running the Company but with considerable pressure from and interference from Maxwell."

4. Maxwell presented optimistic and unreliable accounts and forecasts: "I also enclose ... a copy of the first quarters management accounts and profit forecast prepared on a most conservative basis. These accounts were presented to and accepted by the ILSC Board last Thursday, you will see the company is running well, margins have already improved substantially and will continue to do so as we reduce our administration costs". The inspectors caustically commented, "We have not found a single item of any forecast or management account which has been drawn on a conservative basis, let alone a whole forecast or whole account. Wherever the preparer of an account or forecast has had a choice between alternatives, he has chosen the least conservative. The reference to last Thursday's meeting of the ILSC Board is a reference to the meeting held on 15 May 1969. According to the minutes the Board did not approve anything...."

5. In conclusion Maxwell grossly exaggerated the profit level of ILSC and misrepresented the reasons for BPC's caution: "If it were not for BPC's fear of me (because I attempted to take them over last year) and their consequent desire to sever the partnership and if possible acquire ILSC, then I doubt that we would have had any differences over the accounts. ILSC made a substantial profit for its first 18 months

trading ..." The inspectors declared that this was "recklessly optimistic in more than one respect. Mr. Maxwell must have known that the differences over the accounts had nothing to do with BPC's fear of him or their desire to sever the partnership. The differences over the accounts were due to ILSC being unable to produce them in an auditable state when the accounts were eventually produced they showed that ILSC made a loss of £2,598,000 in the first eighteen months trading and that the accounts for the next nine months showed further losses of £1,089,000 in that period. In these circumstances, we think that Mr. Maxwell was not justified in writing, 'ILSC made a substantial profit for its first 18 months trading' to Mr. Schwartz on the 17 May 1969. We do not think that there was ever a moment of time when ILSC was 'running well'. (HMSO, 1971, pp 163-168).

On 17 June 1969 Leasco agreed in writing with Maxwell in his personal capacity to acquire the issued shares of Pergamon. Maxwell agreed that he would accept the offer and made a number of warranties. One was that Pergamon had no liability in respect of the warranty of ILSC's profits. On 18 June 1969 BPC, Pergamon and ILSC executed a deed which confirmed that Pergamon was not liable to make any payment to ILSC or BPC, until then none of the directors of ILSC-Pergamon had any justification in stating that they did not think that they were liable under the warranty. The deed was part of a "Secret Agreement" between BPC and Pergamon that any agreement to sever their relationship should be secret until there was a joint statement. On this conspiratorial interlude the inspectors commented: "Whilst we appreciate the desire of the directors to keep information confidential which might affect the commercial welfare of their companies, the history of the ILSC, with regard to what was disclosed is a series of suppressions of information and of optimism verging on recklessness with the occasional statement which was untrue and calculated to mislead."

The confidence trick collapsed on 21 August when Leasco and their

advisers Rothschilds announced that Leasco did not intend to proceed with the proposed offer. One of the reasons was the position of ILSC. No audited accounts of ILSC were available in July 1969. The auditors, Chalmers Impey and Cooper Brothers predicted a loss before tax of £437,000, which despite his earlier optimism was the best Maxwell could hope for, but they were troubled by a number of matters. Maxwell had made a number of transactions which materially improved ILSC's position by the sum of £398,895 at the expense of Pergamon, without the knowledge of a single Pergamon director. Without audited accounts, negotiations for the renewal of credit facilities for ILSC could not be started by 31 August 1969 which would mean that two clauses in the agreement with Pergamon, vital to BPC would lapse. By 21 August 1969 BPC discovered that it was proposed to disclose the existence of the "Secret Agreement" in the Leasco offer documents, and accordingly they wrote to Rothschild. On that day the deal collapsed. (HMSO, 1971, pp 172-183).

The Reckoning.

The next day a rather tense meeting took place to draft a press statement which might extricate Pergamon somewhat from the affair. The meeting consisted of representatives of Pergamon; BPC; Cooper Brothers and Hill Samuel (both as BPC's advisers); Forsyte, Vierman and Phillips, Chalmers Impey and Flemings as Pergamon's advisers; and Whinney Murray (as Flemings' advisers). The press statement published by this eminent body of men suggested that it was unlikely that Pergamon would be liable under the terms of the warranty on the profits of ILSC, and that "The management accounts of ILSC show that it is now trading profitably". Displaying rather unjustified restraint the inspectors reproved, "The fact is at this stage the truth about ILSC was most unpalatable. Its records and accounts were in a shambles. The crisis had been reached. It is unfortunate that a meeting attended by a large number of professional men of integrity - whose integrity, in our view, is in no way impeached

by what occurred on the 22 August 1969 - should have resulted in a document being published, which is so open to criticism". The City Takeover Panel criticized the lack of information at such a critical time offered to Pergamon shareholders, but in his submission to the Board of Trade arguing against appointing the inspectors Maxwell concluded, "It is submitted that these facts, coupled with adverse press comment at that time, could not have led shareholders to believe that ILSC could make a profit in the year ended 30 June 1968". To which the inspectors dryly replied, "Nor, in our opinion, does it lie in the mouth of a Chairman of a publicly quoted company to rely upon adverse press comment as a substitute for the information which he ought to have given his shareholders." (HMSO, 1971, pp 189-193).

At an EGM on 10 October 1969 the shareholders of Pergamon removed all the existing directors of Pergamon and appointed others in their place, and on 15 October, Maxwell and the other directors resigned from ILSC. BPC acquired 80% of Pergamon's interest in ILSC, and Pergamon were to pay ILSC of £175,000 in satisfaction of its obligations under the profit warrenty.

In their concluding summary of the evidence on the mismanagement of ILSC, the DTI inspectors focused on the draft accounts: the first draft of the 18 months to 28 December 1968, dated 3 March 1969 showed a profit of £806,000. By the time the auditors expressed an opinion on 13 August 1969 on the results of this period which they subsequently withdrew, the draft accounts showed a profit of £40,000. When the accounts were finally audited, they showed a trading loss of £2,589,000. In March 1969 the financial director of ILSC, Hazard, resigned "because draft accounts prepared by Mr. Hazard under Mr. Maxwell's direction were, in Mr. Hazard's opinion, so misleading that he refused even to show them to the auditors." The inspectors were perfectly aware of the reason for this bizarre behaviour: "Maxwell at all times regarded the price at which Pergamon shares were

quoted on the Stock Exchange as of paramount importance, particularly since this would be an important factor in attempted takeover bids, such as Butterworths and the News of the World. In our opinion, this insistence upon having optimistic draft accounts prepared was to justify the "bullish" statements which he maintained about ILSC. This is not to say that we have not found Mr. Maxwell to be a supreme optimist. We accept that his earlier statements and some of their reckless quality to this characteristic, but we reject that he lived in a "fools paradise" for as long as he contended that he did. (HMSO, 1971, pp194-202).

Finally the inspectors gave short shrift to Maxwells lame attempt to transfer responsibility. "Mr. Maxwell maintained he left financial and legal matters to his professional advisers. This we cannot accept. He had an unusually acute appreciation of financial and accounting matters and is not afraid to enter into agreements of far reaching effect without legal advice. The evidence we have received convinces us that no major decision on financial or business policy was made in ILSC or Pergamon without his approval and they were usually his decisions ... We are also convinced that Mr. Maxwell regarded his stewardship duties as fulfilled by showing the maximum profits which any transaction could be devised to show. Furthermore, in reporting to shareholders and investors he had a reckless and unjustified optimism which enabled him on some occasions to disregard unpalatable facts and on others to state what he must have known was untrue." (HMSO, 1971, p.209).

The Maxwell Private Companies.

A further contribution to the Leasco affair, which was the key to why Robert Maxwell survived his ejection from the Pergamon board, even though the Pergamon public company had suffered so badly in the fiasco, was the plethora of Maxwell private companies inter-connected with the Pergamon business. In the third volume of their report the DTI inspectors

focused on the relationship between Maxwell Scientific International (Distribution Services) MSI (DS)) and Robert Maxwell and Co. Ltd (R.M. & Co.). The highly impressive name of MSI (DS) was again deceptive: "MSI (DS) is a private company owned and controlled by Mr. Maxwell. It was incorporated in Great Britain on the 18 December 1945 with the name of Low-Bell Limited, as manufacturers, wholesalers and retailers of fancy goods and kitchen utensils, with an authorised capital of £100 divided into 100 shares of £1 each. On the 16 October 1947 its name was changed to Low Bell and Maxwell Limited and on the 24 March 1959 to its present name. On the 17 August 1960, MSI (DS) changed its objects clause to that of being a general finance and investment company." (HMSO, 1973,p.364).

In attempting to complete this part of their investigation, the DTI inspectors faced, in the words of Mr. Justice Wien "almost every conceivable obstacle" placed in their path by Maxwell. They lamented, "From the time Mr. Maxwell saw our report dated 2 June 1971, we experienced great difficulty in obtaining information from him, so much so that we believe Mr. Maxwell has been determined to obstruct the course of our investigation and to delay its completion for as long as possible By January 1972 it was obvious to us that, if Mr. Maxwell was unable to prevent us from disentangling the affairs of Pergamon, R.M & Co. and MSI (D.S) from the puzzling skein which he has woven about them, he was determined to delay our doing so for as long as possible." (HMSO, 1973,pp 456-8).

The first matter the inspectors explored, was the purchase of large numbers of Pergamon shares by MSI (DS) at the time of the News of the World takeover bid. But the inspectors pointed out that "MSI (DS) borrowed £200,000 from MSI(1964) on 2 November 1968. Again that appears to us to be a breach of Section 54 of the Companies Act by Pergamon: on this ground, I think, that MSI (1964) was a subsidiary (of Pergamon), but MSI (1964) was lending money to a third party (MSI (DS))

to buy Pergamon shares." (HMSO, 1973, p. 461). Hence Pergamon was loaning money through a subsidiary for a Maxwell private company to buy Pergamon shares, in order to inflate the stock market price of the shares, and assist the takeover deal.

Delving deeper into the Maxwell private concerns, the inspectors discovered a private company MSI Inc:

" this private company (MSI Inc) controlled by Swiss trusts for the benefit of Mr. Maxwell's sister and her children was in receipt of substantial terms of credit from the public company (Pergamon MSI (1964)) whose shareholders had entrusted Mr. Maxwell to conduct its business on their behalf. Such substantial terms of credit especially when large sums were involved, ought we think to have been a matter to which the Board of Pergamon, as a whole, should have given anxious and careful consideration before granting.... The fact is that there is not one mention in the minutes of Board meetings of Pergamon to the credit terms enjoyed by MSI Inc: not a single director, other than Mr. Maxwell and possibly Mr. Clark, knew the terms on which Pergamon was trading with MSI Inc, and no one in Pergamon as far as we can discover, other than Mr. Maxwell, and presumably the typist, had ever set eyes on the definitive document in which, according to Mr. Maxwell, the terms of credit were set out ..."

Moreover in another agreement on trade terms between MSI Inc and Pergamon: "It would not be an exaggeration to say that Mr. Maxwell by this agreement handed over an important part of Pergamon's future to an American private company set up for the benefit of his sister and her children which we find in Chapter XXXIX of this report was a company over which Mr. Maxwell had considerable influence." In their final comments on trade terms between MSI Inc and Pergamon, permitting MSI Inc to distribute journals and back copies of books of Pergamon, the inspectors concluded: "We have the strongest criticism to make of a chairman of a public

company who having entered into a 20 year agreement in which he saddled that company with a large contingent liability, having granted rights which were of large potential value to a private company which belonged to trusts created for the benefit of his sister and her children, kept the existence and the terms of the agreement from the Board and the shareholders." (HMSO, 1973, pp 483-510).

In a further effort to boost the Pergamon share price at the time, Maxwell through his private company MSI (DS) indemnified the Vehicle and General Assurance Co. Ltd for the purchase of 100,000 Pergamon shares during Pergamon's bid to take over the News of the World. When the bid failed, MSI (DS) became due to pay £58,677 to compensate V & G for their losses on the sale of the Pergamon shares which had fallen in value. Instead of this money being paid by MSI (DS), it was paid by MSI (1964), a subsidiary of Pergamon, which, if deliberate, would contravene Section 54 of the Companies Act, which prohibits companies funding purchases of their own shares. Maxwell dismissed this payment as "an error" due to confusion. The inspectors maintained "We find it difficult to accept Mr. Maxwell's explanation that the payment was made by MSI (1964) by an error, which was corrected as soon as it was noticed. The payment was made as a result of his own act, as evidenced by his letter to the bank, and is another instance of the intermingling of public and private companies funds. We regard this payment as a typical example of the way Mr. Maxwell conducted the affairs of Pergamon in conjunction with his and his family's private companies." (In fact there were frequent references by Maxwell to accounting "errors" in his companies' accounts, a number of which were of staggering dimensions, and were treated with some scepticism by the inspectors. However Maxwell's personalized business style did give rise to confusion among poorly informed staff, moreover the interconnections and transactions between the public companies he was chairman of, and the private companies he owned or had an interest in, were indeed complex. Whatever difficulty was entailed in these

transactions could only be compounded by the fact that a number of the companies had similar names and often this included the name Maxwell as in : MSI (1964), MSI Inc, R.M. & Co., MSI (DS). This led to frequent accounting conundrums such as the following from an assistant company secretary: "The £390,00 (\$936,000) paid to MSI (1964) and credited to MSI Inc's account in June 1969 was credited in error. At MSI Inc's request Mr. Maxwell has instructed that this payment was paid on behalf of RM & Co. Accordingly debit MSI Inc with the sum in your August Transfer Journal and credit the RM & Co current account in the MSI (1964) private ledger." . (HMSO, 1973, pp 528-625).

Perhaps understandably, in the context, the Pergamon profit figures and accounts for 1968 were not quite what they appeared. Profits for 1968 were reported as £2,104,000. Price Waterhouse with the benefit of hindsight concluded that the profits should be reduced by £1,609,000, and that of the remaining £495,000, no less than £355,000 represented profits on sale of back issues to MSI Inc. These reduced profits excluded Pergamon's share of the losses of ILSC for 1968, calculated at £787,000, and thus there was an overall loss for the year. With regard to the Pergamon accounts the inspectors affirmed: "there were material items affecting the accounts of Pergamon from the 1 November 1964 to the last accounts published whilst Mr. Maxwell was Chairman (namely for the year to the 31 December 1968) which beneficially affected reported profits and which we consider unjustified. With hindsight we are not satisfied that any of these accounts showed a true and fair view of the affairs of Pergamon at the material time or of the profits reported for the relevant period ... We appreciate that the criticism is a serious criticism to make of any company accounts, public or private, and we have not made it lightly." (HMSO, 1973, p. 625).

But the difficulties of Pergamon did not end after Robert Maxwell was voted off the board in 1969. Due to the interpenetration of the public companies activities with the private Maxwell concerns, his influence over the fortunes of Pergamon remained considerable. The inspectors deplored one particularly debilitating aspect of this relationship for the new Pergamon directors:

"The board which took over the conduct of the affairs of Pergamon on 10 October 1969 were faced with a thankless task. Pergamon was short of liquid resources, but according to its books and records was owed large sums of money by a number of private companies controlled by Mr. Maxwell or in which members of his family had an interest. The sums exceeded £1,500,000 in the aggregate. Obtaining any money from these companies was no simple matter. Either the original trading agreement between Pergamon and the private company contained an escape clause for the benefit of the private company or there had been some subsequent transaction which the private company was able to pay in aid either to avoid paying its debts to Pergamon or as the foundation of a subsequent counter-claim against Pergamon." The inspectors calculated that £1,166,000 had to be written off by Pergamon in debts due from the private companies with which Maxwell was associated, and concluded, "It is a stark reflection on Mr. Maxwell's stewardship of Pergamon that on the termination of its trading with MSI Inc over whose affairs we find he exercised considerable influence, Pergamon incurred a net write off of £806,000 and on the termination of its trading with those private companies which he himself owned and controlled Pergamon wrote off £360,000" (HMSO, 1973, pp 630-639).

The Restoration of Robert Maxwell

Pergamon could not easily have extracted itself from the close commercial embrace of the other Maxwell publishing companies, however once the immediate settlements were made and the accounts restored to

order, the new Pergamon directors showed little inclination to escape, and contented themselves with performing a largely caretaker role. Besides Maxwell still owned 28% of the Pergamon shares, the reluctant Leasco owned 38%, and ordinary shareholders owned 34%. In 1971, less than two years after being voted off the board, in a settlement agreement with MSI Inc, the directors of Pergamon agreed to appoint Maxwell as a non-executive director, and to propose his re-election at the forthcoming Pergamon annual general meeting. In a full page laudatory article in the Business News, the Sunday Times congratulated its old adversary (with withdrawn litigation a distinct stimulus). Conveying as supreme confidence as ever, Maxwell beneath a large photograph of him, lounging in an armchair with a telephone to his ear, expansively declared: "I want to make one thing clear right at the start. It is not a question of a chairman having been kicked out and coming back ready to sack everyone else. I'm very happy with the present management. What Pergamon needs - and what it has lacked for the past 18 months - is a man who knows authors and editors and the knowledge market intimately and has the time to travel widely to visit them I do not plan to make a bid for the company until the business has fully recovered from its bad set-back I could finance a bid from my own resources. I was prepared at an earlier stage to finance a partial bid, but the takeover panel stopped me. But I want to make it quite clear that even if I was forced to take over voting control, the management of the business would still remain as it is. Even in two years time, I foresee no need for dramatic changes. What Pergamon needs is a salesman and a creator of products. That is where I can best help to restore the future prosperity and credibility of the company Pergamon, even in the recent slack period, has been selling nearly £2 million-worth of books a year, but the sales and product-creation motor was missing. I expect to increase this by £500,000 in each department. Achieving that will be my contribution over the next two years. I am setting off shortly

on a world tour during which I shall meet some 1,000 of the editorial advisors concerned with our journals and book series and visit 400 of the key international booksellers. I have had sheaves of letters from eminent academics and teachers all over the world expressing their personal loyalty to me - thanking me for the way I was prepared to back them and their ideas 10 or 12 years ago - and they have not, following my advice to them, as they easily could have, switched to other publishers." (2 May 1971).

But the ambitious plans of Maxwell for Pergamon's future were temporarily thwarted when the chairman of Pergamon, Sir Henry d'Avigdor-Goldsmid saw the detailed criticisms in the first volume of the DTI inspector's report published in June 1971, and succeeded in releasing Pergamon from the undertaking to reappoint Maxwell to the board. Instead a new subsidiary of Pergamon was set up early in 1973 called Pergamon Press Services (PPS) with a board of directors consisting of the executive directors of Pergamon and Maxwell. The object of the new company was to provide consultancy services to the Pergamon board, and replace the weekly policy meetings of Pergamon. (HMSO, 1973, p.640). The support of the academics who published with Pergamon was acknowledged as a significant influence in the restoration of Maxwell. The new chairman of Pergamon Sir Walter Coutts somewhat impressionable explanation was :

"Over 20 years or more Maxwell managed to build up the reputation of a very large number of very important people, particularly in the United States but also in this country ... who up to that point had not been able to get their stuff published at all. The result is that they consider that they owe to Maxwell a very great allegiance. Furthermore, they maintain that they cannot deal with anyone else, but Maxwell over the particular publication of particular things which they wish to get published. These are all learned journals, and this is the extraordinary part of this man with whom we are dealing. I maintain that he has a computer

brain in that he can read things, particularly in scientific magazines, which he will store away and at the right moment of time it will come out of the computer and he will be able to talk to these people in the same language that they talk amongst themselves and understand what they are talking about. About August of last year we got a telex from the United States signed by a number of people saying, 'Why has Maxwell not been returned to the Board of Pergamon? We will only deal with Maxwell and we are not going to deal with anyone else'.... Actually, I have brought for you today a copy of a letter from a Professor X from Montreal, and I will leave it with you because I think it puts in a nutshell what the situation is; but he claims that he is talking on behalf of 10,000 nuclear physicists and biologists, and he ends up by saying: 'I do hope that you will succeed in your efforts to restore normalcy in the situation which menaces to destroy the remarkable contribution of Pergamon Press to scientific communication. As you have had ample occasion to notice, Robert Maxwell equates Pergamon Press in the mind of the scientific editors who cannot conceive a fruitful collaboration without his stimulus.'(HMSO, 1973, pp 641-3).

During 1973 a resolution of the Pergamon board to reappoint Maxwell was defeated, but a resolution recommending a general meeting to reappoint Maxwell was carried. The general meeting of Pergamon took place in June 1973 when the resolution to/^{re}appoint Maxwell was adjourned, until October, and the expiry of the agreement by which Pergamon employed him as a consultant. At the time the DTI inspectors were preparing their final report on Pergamon therefore it seemed likely that Maxwell was to resume control of the company, and they offered the following advice to those involved:

"In considering the present position of Mr. Maxwell in relation to Pergamon, one must weigh up a number of factors. On the one hand Mr. Maxwell undoubtedly enjoys a strong following amongst a large number of eminent scientists and academics on both sides of the Atlantic Ocean. In the event of a substantial proportion of this talent declining their services to Pergamon and offering them to rival scientific publishers Pergamon's continued recovery would be seriously prejudiced.

Against this one must weigh the following:

- a) The probability that Mr. Maxwell will assert himself to turn a subordinate position into a commanding one.
- b) There is reason to doubt whether the present full time executive directors of Pergamon will succeed in the future in influencing or restraining Mr. Maxwell. Those who were full time executive directors when Mr. Maxwell was Chairman of Pergamon totally failed to do so then
- c) The experience of having an investigation under Section 165(b) of the Companies Act 1948, as amended, into four UK companies of which he was chairman and chief executive, followed by the publication of two reports, which were highly critical of Pergamon and ILSC, has not, to outward appearances, abashed him or affected his fixation as to his own abilities...
- d) The enormous trading losses suffered by ILSC of £3,687,000 (before crediting exceptional items of £548,000) during the 28 months period from its inception on 1 July 1967 until the 4 October 1969 (just before Mr. Maxwell ceased to be its chairman and chief executive on 15 October 1969) according to its audited accounts
- e) The accumulation of a deficit in the Pergamon group (partly reflecting the ILSC losses) which according to its audited accounts amounted to £4,521,000 at 30 September 1972.
- f) The pattern of Pergamon's trading with the Maxwell family private companies in the past and the continuing trading arrangements with some of these companies under the terms of settlement for a long period

of years.

g) The difficulties created for Mr. Maxwell's successor in disentangling public company money and stock from private company money and stock, and the fact that Pergamon was unable fully to recover its debts from the Maxwell family private companies.

h) The difficulties placed in our path in the conduct of our enquiries and the efforts made to prevent the emergence of our reports." (HMSO, 1973, pp 645-6).

The DTI inspectors must have been saddened and chastened men, to have laboured for so long, and so scrupulously, in the investigation of the Maxwell companies; to have produced a report so comprehensively critical that it amounted to a damning indictment of Maxwells business methods; to have fought a protracted legal battle against Maxwell to secure the publication of its findings; and yet to see their reports largely ignored, and totally ineffectual in preventing the resumption of Maxwell's control of Pergamon. But the inspectors were somewhat naive both in their exacting standards of capitalist business conduct and in their implied expectation that significant retribution would have to be forthcoming from Robert Maxwell before he was restored to corporate leadership. In fact, in the eyes of many of the business contemporaries Maxwell had only committed two unforgivable acts: firstly, his takeover bluff had fallen through and Pergamon had sustained large losses, and secondly, he had been caught. The business era of the late 1960s and early 1970s was the time that the phrase "the unacceptable face of capitalism" was coined by non other than the Conservative Prime Minister Edward Heath. It was a time of huge corporate takeovers, massive profits, and later even more spectacular disasters, which make the Pergamon-Leasco saga inconsequential by comparison. Slater Walker, Poulson, London and Counties, Real Estate Fund of America, and many other business scandals, all involved criminally corrupt practices, prominent British politicians, and the greedy pursuit of instant profits amounting to tens of millions

of pounds: as the managing director of the Keyser Ullman merchant bank, whose shareholders lost £21 million by their involvement in a bid to takeover a property company in 1973, declared: "We lived in a tremendous, a most optimistic world at that time. What you bought for a million pounds one day you sold for two the next and that person sold for three the day after." (Guardian 15 May 1979). Indeed, in that he was determinedly bent upon corporate growth at this time, Robert Maxwell deserves some credit that he remained in publishing, and did not embark into the activities of property speculation and secondary banking in which the fastest profits of all were made, a temptation which few contemporaries could resist.

The Conclusion of the Leasco Affair.

In their concluding remarks in the third report the DTI inspectors presented an assessment of the salient features of the complex dealings which led up to, and followed on from, the Leasco debacle:

"Having now investigated a large number of transactions between Pergamon and the Maxwell family private companies we have come to the conclusion that until the Leasco deal foundered the real purpose behind the transactions on which we have reported was to increase the value of Pergamon's shares in the stock market. The Pergamon saga and Pergamon's reputation as an exceptional 'growth stock' could not have been established without the network of related private companies and without undertaking transactions such as the ones on which we have reported, and this purpose is discernible through all Mr. Maxwell's conduct with regard to Pergamon. It runs like a thread through all that he did up to the time when the Leasco deal went off. From the time when the Leasco deal foundered part of his energies switched to ensuring that so far as he could arrange matters the private companies were relieved of some of the special transactions into which they had entered. This change of purpose can be seen in the terms of settlement with the private

companies which Pergamon was obliged to accept in 1971

Despite his protestations to the contrary, we think that Mr. Maxwell was extraordinarily astute in financial transactions, not only in their conception but also in their treatment in the accounts. He seized many opportunities of creating 'instant' profits and took the fullest advantage of the fact that accounting standards at the time these transactions took place were to some extent undefined We have no hesitation in attributing the primary responsibility for the rise and fall of Pergamon to Mr. Maxwell ... throughout our investigations Mr. Maxwell has tried to shift responsibility onto others, not least onto Chalmers Impey (the Pergamon auditors) and other professional men. In this endeavour he has singularly failed to impress us. We entertain no doubt whatever that the responsibility rests on Mr. Maxwell's shoulders." (HMSO, 1973, pp 658-664).

The inspectors final condemnation of Maxwell was prevented from publication until April 1974, when Maxwell's loud complaints about "injustice" were put to rest by the House of Lords. By then Maxwell was back in charge of Pergamon and about to launch his foray against the Scottish Daily News. Maxwell in fact, was restored to the Pergamon board three hours before the inspectors final report came out, and certainly long before it was digested. There was only one outstanding matter for Maxwell to deal with before he was again firmly in the saddle: Leasco had sued him for fraud, to which Maxwell had responded with a typical cross-suit alleging "sabotage" by Leasco. Then in early summer 1974 Maxwell offered to negotiate. The result of these negotiations was that Maxwell dropped all his actions against Leasco, and agreed to pay five million dollars damages to Leasco. Also Robert Fleming, the merchant bankers who advised him during the Leasco bid paid another \$1.5m. (Sunday Times 21 September 1975).

The Inception of the Scottish Daily News Affair

The concluding statement of the DTI inspectors in the first Pergamon report was that :

"We regret having to conclude that, notwithstanding Mr. Maxwell's acknowledged abilities and energy, he is not in our opinion a person who can be relied on to exercise proper stewardship of a publicly quoted company." (HMSO, 1971, p. 209).

It might have been anticipated that such a resounding indictment would have haunted Maxwell throughout the rest of his business career. Yet within months of the publication of the third volume of the inspectors report in 1974, the Department of Industry accepted, and even encouraged, Maxwell's direct involvement with the Scottish Daily News workers co-operative. The Department did nothing to convey to the SDN workforce the critical contents of the report on Maxwell's role in Pergamon in a form more readily digestible than its three volumes and 700 finely detailed pages. The workers merely believed Maxwell had been engaged in the belligerent entrepreneurship which was traditional in the newspaper industry. It is impossible to escape the contention of McKay and Barr that "the Department of Trade and Industry knew what Maxwell was like, and it should not have taken a great leap of the imagination for civil servants and politicians involved to predict what effect Robert Maxwell would have on a flickering workers' co-operative enterprise." (1976, pp 112-3). Indeed it is certain that there were senior civil servants within the Department, who had read the Pergamon report and who knew exactly what would happen when they released a man of such irrepressible corporate aggression and unrestrainable energy as Robert Maxwell upon the infant co-operative they disapproved of so strongly. Maxwell exploited the inconsistency of the Department to full effect, and in one press statement issued at the height of the terminal crisis of the SDN referred to how he had been approached in 1973 by the

Conservative minister to rescue Tinklins printers of Liverpool, while the Pergamon inquiry was still taking place, and declared :

"Before becoming involved formally as co-chairman of the SDN, Mr. Maxwell asked senior civil servants in the Department of Trade and Industry, as well as the Secretary of State, to confirm that the damaging and one-sided DTI inspectors' reports about him would not prevent the government from making a loan of £1.2 million, and approved the prospectus which specified that Mr. Maxwell should be co-chairman of the enterprise." (Guardian, 22 September 1975).

The financial adviser to the co-operative, Professor Briston had little doubt where the weight of responsibility for the involvement of Maxwell in the SDN should be:

"I think the role of the government has been a very bad influence. The government made it so difficult for the workers to raise the necessary money that they almost imposed a financial straitjacket on the enterprise. They created a situation where the workers had to go public, where they had to invest their own money, where they had to accept Mr. Maxwell's money. Now, in the light of what the DTI had uncovered from its investigations into Mr. Maxwell's managerial style, they, I would argue, are responsible for creating the situation. All the government had to do was to put in the extra £114,000 and the newspaper could have started as a complete co-operative." (McKay and Barr, 1976, p.113). Thus it was the antagonistic attitude of the civil servants of the Department, more than any other factor, which set Robert Maxwell up as the saviour of the Scottish Daily News.

Maxwell Co-Chairman of the Scottish Daily News.

The SDN workers themselves were open to serious criticism in welcoming Maxwell's money and his involvement in the first place. They were desperate, but this was another feature of their preparedness

to compromise at every stage which constantly diluted the principles upon which the venture was originally founded, until idealism was completely eradicated to be replaced by narrow self-interest. But in case the SDN workers should be condemned too severely for their folly, it should be pointed out that the mighty TUC itself entertained seriously the advances of Robert Maxwell, when he proposed to set up a printing company and continue to publish the Daily Herald as a labour paper in 1963. In his explanation of this proposal to Congress, Bob Willis of the General Council, revealed a surprising susceptibility to the promises of Maxwell "who suggested establishing a big printing works in a distressed area. He places £1 million worth of printing orders himself now, and he felt that the trade unions would become part owners and would take some of their work to this establishment, so that it should show a profit of £750,000, which could be used for subsidising a Labour paper He assures us he does not want to make any profit out of this. He is a Labour candidate. So long as he got his printing done at a fair price he would be satisfied that the profit should remain with the firm which he would establish." (TUC, 1963, pp ii-iii).

Among the SDN workers there were divisions in their attitudes towards Maxwell, which polarized sharply during 1975. Some workers regarded Maxwell with outright hostility from the start, they disliked what he stood for, were suspicious of his motives, and deplored his influence over the fledgeling newspaper. John Hodgeman was one of many who exploded when the subject of Maxwell was raised:

"The argument that is put up by reasonable and moderate and respected friends in here who are journalists is that they're not too keen on Robert Maxwell, but having taken his money, you can't now boot him in the balls. Well I've got no compunction about doing that at all"

Others responded to Maxwell with a pragmatic acceptance, often influenced by their own opportunism, Nathan Goldberg, the deputy editor explained -

"It must be said of Maxwell, that he's the only guy that came across with any real bread outside the government. Beaverbrook did it in their own interests, now some people may say that eventually it's going to turn out that Maxwell did it in his own interests for various reasons.

But I think if this newspaper is a success there is no way he can do that - its only if it fails that he can come in and pick up the pieces.

We don't want to give him an excuse for stepping in, and the only way to do that is by involving him." (The non-sequitor of the final sentence was a rationalization of the increasingly close relationship Goldberg was having with Maxwell).

Finally there were those who had a complete dependence on Maxwell as a wealthy, powerful man who they thought could provide them with secure employment. At first this group were few in number, yet they multiplied rapidly as the insecurity of the SDN intensified in the summer of 1975, and their attitude degenerated from one of dependence into total subservience. But in the early days of the newspaper at least, the philosophical stance of Andy Riley the Slade FOC, probably expressed the feelings of most of the workforce:

"I suppose this is a cross we'll have to bear, but I don't think there's any way that Maxwell could take over the board, even to an extent, because we've walked the streets for 13 months and this is our paper, no one else's paper. And we've not worked for 13 months for him to come and take it, or for anyone else to take it, it's just not on. I don't see how anyone is a real threat to us anyway, we'll overcome it, it'll take time but we'll overcome it".

Mass Meetings

In the winter months of struggle though, Robert Maxwell undeniably was considered by the SDN workers to be a life-line to which they clung intently. The minutes of the mass meetings record how Maxwell's arrival was eagerly anticipated as proof that his investment was still secure;

and the fears that he might still abandon them. When Maxwell asked to be co-chairman of the SDN with Allister Mackie, he found that he was pushing against an open door as far as most of the workers were concerned, despite the reservations of the Action Committee. The creation of this unique corporate hydra, rather than simply accepting the post of director, was indicative of the incapacity of Maxwell to accept anything but the leading position in any enterprise he was involved in. Maxwell's post was supposedly confined to the strict capacity of financial adviser, with the normal running of the newspaper and the editorial policy the responsibility of the Works Council as in the company articles, but this was to exert little restraint. In words that he would now profoundly regret, Allister Mackie declared to a mass meeting that, "Robert Maxwell could be the catalyst necessary to ensure the success of the venture." (MMM, 8 January 1975).

Addressing a mass meeting a week later, in his new role as co-chairman, Maxwell displayed the full force of his charismatic disingenuousness: "Mr. Robert Maxwell thanked the workforce for his election and the confidence that they had shown in their decision..... He thanked the workforce for their warm welcome and their applause in their assumption that Robert Maxwell had played a major role in the success of the Scottish Daily News but he pointed out to the workforce that it was not Robert Maxwell alone who had been responsible but that the Action Committee had been largely responsible and the fact should be acknowledged. (The meeting accordingly recorded their approval by resounding applause)." (MMM, 16 January 1975).

Several other elements of Maxwell's approach which were to loom far more threateningly in the future were intimated at this meeting. Allister Mackie revealed that on the negotiations for the underwriting of the prospectus he had been "sworn to secrecy" by Maxwell and that although he had been tempted to reveal his information, due to the desire of the

negotiating parties, he had not even been able to inform the Action Committee. This introduction of strict commercial secrecy at the behest of Maxwell was an ominous portent of the way decisions would be made when the paper fell under his control. Later in the meeting there was a question from an SGA member about how heads of departments were to be appointed. Maxwell interrupted to stress that the proper procedures should be used to express grievances, and introduced a sinister note to which he was to return with a vengeance repeatedly in the future: "He felt and emphasized that any dissension in any degree could jeopardise the success of the venture and urged the workforce to take no notice or to weed out potential troublemakers." Maxwell also revealed his impatience, often unfounded, with the performance of others. In a discussion of metal moulds, Charlie Armstrong referred to Beaverbrook's agreement to supply these if they were not available in time from the USA. Maxwell interjected at this point "it was all very well people guaranteeing certain things but he did not trust Beaverbrook and he was fully aware that Beaverbrook did not trust us, and in his opinion it was necessary to have these agreements in black and white." Whereupon Charlie Armstrong cut across the monologue by pointing out, to the approval of the meeting, that the agreement was in black and white.

However in a final remarkable contribution Robert Maxwell revealed that he was far more acutely aware of the importance of preserving at least the image of responsible trade union organization, when some SDN workers seemed prepared to jettison this:

"Norrie Montgomery of the SGA commented on quotes recently in the newspapers on the ugly face of capitalism, and drew comparison with the ugly face of trade unionism. He hoped that the workforce would realise that it would be necessary to discard the old fashioned trade union attitudes and aim for closer co-operation between societies in the areas of demarcation.

Robert Maxwell noted the comment but pointed out the need for trade unions and the work that they did in industry, and that as a workers co-operative he would never depart from trade unionism and would uphold established trade union philosophy. He interpreted the comments relevant to demarcation and inter-society disputes as meaning a recognition that each depended on his brother for success and that old fashioned demarcation lines would be adjusted to meet a new situation. He was very much aware of the trade unions suspicion over what might appear reviewed staffing and salaries which might lend ammunition to other newspaper proprietors and that the trade unions at branch and national level were quite justified in their concern but he could not see any argument put forward by any other newspaper proprietor based on the staffing and salaries in the Scottish Daily News holding water since this was a completely new concept and if they wished to put forward these arguments they would have to turn over their businesses to worker control." (MMM, 16 January 1975).

Yet despite this fine statement of principles, once he had assumed power at the SDN, Maxwell showed in practice that he had scant regard either for trade union standards or workers control.

Through much of the campaign to establish the SDN Maxwell's influence was limited and from the distance of Oxford, but in the early months of 1975 when it seemed that the paper was becoming a reality, the pattern of his activity changed. Still he would spend several weeks at a time away from Albion Street, but these absences were interspersed with frantic bouts of activity, whether in negotiations with Beaverbrook in London, or in consultations in Glasgow. Whenever Maxwell appeared for a mass meeting, he treated most of the discussion and questions as addressed to him, and assumed authority to answer on almost any matter. In several uncomfortable episodes the Action Committee and workers learned to expect a rough ride from his attempt to command leadership. Firstly there was the long delay in the issue of the prospectus as

Maxwell insisted that it should be underwritten by Beaverbrook, because "to put the prospectus out not underwritten is like having a car with no wheels", a worker recollected he had argued. (MMM 25 February 1975). The government rejection of the underwriting had imperilled the loan itself, and had badly shaken the confidence of the SDN workers, besides seriously reducing the issue period for the prospectus and bringing the time limit within which the loan had to be made dangerously near. (The pressure upon the SDN workers was so great at this point that at one meeting a worker suggested they should walk to London as a gesture of protest. This was seriously taken up until someone suggested catching the train might be a better idea, to the immense relief of most of the workers, whose initial unthinking enthusiasm nearly committed them to a 500 mile, three week walk, that some - considering their age and state of health - could not have hoped to survive ! (MMM 30 January 1975)). Secondly, after the negotiations for the sale of Albion Street, Maxwell irresponsibly announced to the press that he had bought the building for £800,000 on behalf of SDN and that they would be publishing the newspaper within a month. Jocelyn Stevens smartly refuted this assertion "I have no idea where Mr. Maxwell got the figure. The price remains at £1,600,000". (Daily Record, 20 February 1975). The supporters and workers of SDN were misled by these statements, and it was left to Allister Mackie to clarify that the figures were 1.6 million for the building and plant, to be paid in £875,000 cash; £500,000 unsecured loan stock, and £225,000 secured loan stock. Workers were distressed that the declaration they might be working within a month was also a misunderstanding, Mackie explained "Robert Maxwell having completed the deal with Beaverbrook may have been slightly euphoric and did not fully appreciate the technicalities of setting a newspaper going although given the right conditions without any further hold-up it could be done." (MMM 21 February 1975).

Revealing his penchant to turn up at significant moments to claim the credit whether he had contributed or not, Maxwell gave another stunning display of his manifold talents at a mass meeting in the City Halls on 25 February 1975. He victoriously announced that with the clearance of the DoI loan that "there had been more progress in the last weeks than had been possible in the previous six months."

(Blaming the delay on the DoI, and not his insistence on underwriting). He explained that he had secured the extra £150,000 investment and maintained that he "had been able to get this commitment from Beaverbrook by stating that if Beaverbrook did not undertake this investment, then he himself would withdraw his £100,000", revealing a willingness to use his investment as a weapon, which he was later to forcefully direct at the SDN workers. Referring to the difficulties of making the prospectus attractive, and the importance of the commitment of the workers, Maxwell introduced an intimidation which he was to deploy with devastating consequences in the future in asserting that "the workforce must recognise they had to make their mind up having a vested interest in the project whether they preferred a job or the dole". In one preposterous interlude, when considering the proposed low pay of the SDN workers, Maxwell seriously suggested that he was "working on an idea for income tax rebates for the workforce which could amount to £900 in one fiscal year at a salary of £60 a week. He felt that since he was suspicious that the Treasury had been partly responsible for the rejection of the underwriting, that the workforce should nibble away at some of the Treasury assets." Almost as comically, but with more serious implications, Maxwell went on to give the SDN trade unionists a crash course in the salesmanship that undoubtedly he was a master of:

"Robert Maxwell realised that although one or two members had a talent for salesmanship the majority of the workforce would possibly find it embarrassing to have to seek money in this manner. Therefore the

inexperienced members should have the benefit of a teach-in where an exchange of ideas from the more talented or experienced of the workforce could help them to overcome this barrier of embarrassment arising only through lack of knowledge of the facts. He hoped that the workforce would take from the prospectus four main points he considered were required to seek investment from friends and relatives. These being 1) That you are an investor and an employee of the Scottish Daily News. 2) Because you have a vested interest you will do your best to protect it. 3) Will you not therefore help us to create 500 jobs and provide Scotland with a newspaper it deserves. 4) If you yourself cannot invest, will you circulate your own friends and encourage them to do so." However Maxwell reserved a full show of his corporate conceit for his final statement of advice:

"If we had on the day of issue a uniformly bad Press, it would make the raising of the capital that much harder. The answer to these anticipated criticisms was the fact that following the Strathclyde report and the unacceptance of it by the Action Committee they had then approached him and roused his interest. He had then introduced professional newspapermen to look into the situation and he would accept their advice before the advice or comment of unqualified people like Lord Gray, and the Strathclyde and IDU reports, since they had never been involved in newspapers other than buying one." (MMM, 25 February 1975).

The Prospectus.

The SDN prospectus was issued by Scottish News Enterprises Limited on 6 March 1975 with the closing deadline set for 10.0 a.m. on 28 March 1975 which was the last day the government loan offer remained open, by which time £475,000 had to be raised. The workers had agreed to subscribe £200,000, and Robert Maxwell, to match this with £100,000. This left £175,000, of which £60,000 had already been promised by trade unions and the public. However raising over £100,000 in three weeks

in hard-pressed Glasgow was a daunting task, made considerably more difficult by the fact that the final seven pages of the 24 page prospectus in the cautious Department of Industry letter setting out the details of the public loan, and the damning IDU report, did their best to warn potential investors away.

The prospectus was very professionally put together, and was clearly designed to appeal primarily to the commercial instincts of prospective investors, indeed, on the front page in bold type was the rather heroic declaration: "If you are in any doubt about this Offer for Subscription you should consult your Solicitor, Stockbroker, Bank Manager, or other professional adviser." (It would be difficult to compile a list of people who would be less likely to recommend investment in the SDN!) The structure, advantages, financial projections and articles of association were set out in elaborate detail in the prospectus to convince the investor of both the viability and the propriety of the SDN. However the official tone of the document, and the meticulous attention to commercial detail, was clearly a result of the work of the SDN's lawyers and accountants, and reflected a curious paradox: the prospectus was written for professional people who could understand it, but would be commercially sceptical and politically antagonistic; the working people who would be sympathetic towards a workers newspaper, would find the prospectus difficult to understand, since it was not written for them. There were some brief bursts of largely apologetic enthusiasm in the prospectus: "The Proposals are designed to provide Scotland with a completely new and exciting popular newspaper with which the whole nation will be able to identify. The Directors are convinced that there is a need and a wish among the general public for such a paper." (p.5). But generally there was a neglect of any attempt to make political contact with the workers to whom the SDN was appealing for funds: professional advisers and company law had neatly and effectively been inserted between the SDN workers

themselves, and the working class investors in SDN.

Nevertheless, the campaign for funds was effective, despite the commercial formality of the prospectus document the appeal SDN members made was at a more fundamental level, "We're asking you to invest in a paper which was actually started by working class people, and will be run by working class people", and the response of Scottish workers was impressive, as Allister Mackie recalled:

"There were heartwarming things. We had members of the co-op going round every factory in Scotland, and people who had never at any time sold anything in their lives, going into factories and raising £50 here, £25 there. It was done in £25 units, and if you consider that we had about 2,700 investors you can appreciate just how small units they were. The amount of work that our lads put in was absolutely tremendous, and the public response was tremendous. I remember on the last day of the prospectus we were still a bit short, we were still looking for public support, and the closing day was Good Friday at ten in the morning. Between 9 and 10 a chap turns up on a bicycle in a worn pair of dungarees, and said he wanted to buy some shares. We reminded him that it was £25 each, and he said, 'I realise that son'. And he put his hands through all his pockets and pulls out a £5 here and a wad of notes there. He had £1,000 on him in his pockets. It worked out that he was a scrapdealer, and everyone of his notes was absolutely filthy, so we couldn't identify what they were, but it was a £1,000 worth." Despite another last minute investment of £10,000 from a local businessman, the SDN Action Committee found on the morning of the 28 March that as the ten o'clock deadline approached, they were still £25,000 short of the target. Although other funds were promised from trade unions, they would arrive too late for the SDN to meet the closing date of the loan offer, and the DoI had insisted, "If it is not accepted by that date, the amount, terms and conditions may be subject to review by the Secretary of State." (SNE, 1975, p.19).

Waiting tensely in the steamed-up wooden huts of the SDN headquarters as the sleet poured outside, the Action Committee slipped perhaps too readily into the belief that the only person who could raise the £25,000 shortfall in time was Robert Maxwell. (McKay and Barr, 1976, pp 3-17, colourfully evoke this dilemma). Maxwell had yet to provide the £100,000 he had promised, it was clear that he would exact further conditions from the SDN, but no one knew how dramatic the demands would be.

The Good Friday Demands

Maxwell fully appreciated the total vulnerability of the SDN workers at this moment, when a newspaper seemed within their grasp, and in resonance with the sombre religious festival, he insisted that the Action Committee agree to such severe conditions that they amounted to a personal takeover bid, and the death of the co-operative spirit at the heart of the venture. The demands were :

1. That Maxwell remain co-chairman of the Executive Council of the co-operative.
2. That Maxwell receive the title of publisher.
3. Agreement in principle that the SDN would be an American style 24 hour newspaper with afternoon, evening and morning editions, but with the same proposed workforce of 500.
4. Agreement from the unions to unlimited overtime for at least 3 months.
5. That directors would have to commit themselves to resign in advance should they find themselves in a position of disagreement with the other directors. (BBC2, 10 November 1975; Mackie, 1976).

It was the amazing proposal of a 24 hour newspaper which particularly staggered the Action Committee: they were basically being asked to produce two or three newspapers with the manpower for one. They knew the proposal was impractical, that it would severely undermine the jobs

and conditions of other print workers, and that the print unions would block it. But realising the impossibility of dissuading Maxwell once he had made up his mind, they decided to agree to everything he had demanded and argue about it later. "Faced with the acceptance of the conditions, or the collapse of the co-operative, the Action Committee members had no alternative. They would go along with the conditions in the meantime but would feel no moral commitment to be bound by them." (Mackie, 1976, pp 127-8). Securing the compliance of the print union full-time officials to the Maxwell conditions was more difficult. They were called to a meeting at the huts to be addressed by Maxwell, and, on the way in, were met by pleas from members of the Action Committee to agree to everything Maxwell said until they had got his money. Again the 24 hour paper was the sticking point, John Hodgeman who was there in his role as branch secretary of the Glasgow NUJ explained, "He expanded on how marvellous this would be, but all he would say about how it would be done was that the present 500 workers would be able to do it as long as everyone agreed to work unlimited overtime, which of course would be paid for!" (1975, p.4). The union officials jibbed at this, "One man's overtime is another man's unemployment" as Alex Ferry the AUEW official put it. Hodgeman explained the terrible horns of the dilemma that Maxwell had cleverly placed them upon. "It was a hellish position to be in, to have this sprung on you. To realise that if you said, on behalf of the other members you represented, whose jobs might be hanging by a thread and who certainly realised that a successful Scottish Daily News could end their jobs, that it wasn't on, then you would be writing off the job prospects of the 500. The dilemma was, accept conditions which put the 500 back in work but which undermined the job security of the rest of the industry, or tell these men to their faces that their unions were giving them the thumbs down."

As McKay and Barr argue, the SDN allowed Maxwell to reverse the roles of the union officials, by putting them in an employers position of deciding the fate of 500 jobs, and being directly responsible for apparantly creating or destroying employment in a contracting industry. (1976,p.12). Though at least one branch secretary began to protest against the conditions, there were appeasing interruptions from around the table by SDN members. Finally the issue was resolved, until the union branch meetings could take place, by John Hodgeman making a vague statement of goodwill welcoming the project.

After signing his cheque several times for the benefit of the TV cameras, Maxwell with an entourage set off for the City Hall to a mass meeting of the SDN workers. The rapture of the meeting was somewhat stifled when Maxwell repeated his demands, it seemed as if he had pulled off a last minute personal coup, and workers reacted, "Why have you done this to us? How can we do this now? How can we possibly produce a 24 hour newspaper within 3 weeks?" But Maxwell overpowered shouts of protest, and caught up the majority of the audience with his rhetorical incantation "We have a newspaper ! We have a newspaper ! " The division between those who were outraged at what Maxwell had done and those "who just wanted to clap" was the first important sign of the schism that was later to tear the SDN apart, as John Hodgeman recalled: "That was when the anti-Maxwell and pro-Maxwell factions were born. Some people, the majority, were prepared to go to any lengths to get a job. Others like myself were suddenly realising that this man was dangerous. If he was prepared to kill the project once to sate his egotistical ambitions, then he would no doubt do it again." (1975,p.5).

Later that evening on BBC Scotland television, Maxwell was asked by the interviewer "Did you lay down any conditions for advancing that money?" He replied, "None at all", to the astonished studio. Dominating the programme, Maxwell refused to entertain any doubts about the 24 hour newspaper and took the offensive "Certainly our first edition

will compete with the Evening Times, but we don't consider the Times competition at all. We're forced to provide a paper because our competitors are so dull." (McKay and Barr, 1976, p.15). Other newspapers reeled in amazement at Maxwell's plan to squeeze two days work into one, under the headlines "Newspaper will be a printing bombshell," The Scotsman reported Maxwell's announcement to the mass meeting:

"For the benefit of the members of the Press present here I can tell you what I am about to say is going to be a bombshell. The EC at its meeting this morning decided that the SDN will be printed in three or four editions as is the fashion in the US. For the first time in Britain a daily newspaper will be available on the streets in the late afternoon the previous day. The SDN of Tuesday morning will be on the streets of Glasgow at 4.30 p.m in order to provide Glasgow and Strathclyde with a viable, proper and exciting alternative to the Evening Times."

(29 March 1975).

Even Jocelyn Stevens was taken back by the proposal, "Mr. Maxwell had told him that it was his own idea and he thought that the Friday announcement had also been the first time the Action Committee had heard of the proposal. He added "I don't think it's very practical. I would hate to try to staff a morning and evening paper, and it may never happen". (Scotsman, 31 March 1975)

Trade Union Resistance

Union resistance to the 24 hour newspaper was soon galvanized. David Emmerson the Scottish Secretary of the NGA fired the first broadside: "The staffing arrangements agreed with the Action Committee of the SDN many months ago were related to the production of a normal morning newspaper. It in no way took account of Mr. Maxwell's ultra-radical proposals to produce an afternoon edition. It is not the intention of

the NGA to grant unrealistic staffing concessions to the SDN which would be denied to its competitors. Mr. Maxwell's revolutionary ideas would require to be investigated in depth. Certainly the NGA will not be bludgeoned into making an off-the-top-of-the-head decision as was the Action Committee last Friday when at the eleventh hour, they were presented with Mr. Maxwell's ultimatum: "Play it my way, or my cheque will not be forthcoming" As far as I am concerned this is a non-runner. My rule book is always flexible, but not to this extent .. I am not prepared to allow NGA members to be puppets manipulated by Mr. Maxwell". (Scotsman; Glasgow Herald; Daily Record; 4 April 1975).

A meeting on the 9 April of the leaders of the seven unions engaged in the newspaper industry turned down the plans for an afternoon edition of the SDN, and issued the following joint statement:

"Trade union officers representing journalists, production and maintenance workers, meeting in Glasgow decided that they could not approve the publication of an afternoon edition of the SDN. The implications of a 24 hour newspaper are such that they would necessitate detailed investigation and negotiation. Any resultant agreement would require to be ratified by the unions at national level. The trade union officers therefore decided to seek precise details relating to printing and distribution schedules for the projected newspaper, shift schedules and staffing levels in all departments. They expressed regret that the enterprise had apparantly been diverted from its original purpose of setting up a new morning newspaper." (Daily Record, 10 April 1975).

News of the trade union officials decision reached Albion Street just before the Action Committee met Maxwell to discuss his plans. Maxwell was furious at the obstruction to his scheme, and threatened to resign and withdraw his investment. Charlie Armstrong vividly recalled the drama of the confrontation:

"Maxwell was obsessed by the idea of a 24 hour newspaper. He cornered the Action Committee at the meeting and talked solidly for six hours

about it. Six hours ! The determination of the man defies description. And half way through the editor was sent out for rolls and coffee. The editor used as a tea boy ! As the meeting dragged on Maxwell became more and more heated, he started crushing the spare rolls in his hands, and sticking his fingers through them, then throwing them away all the time he was staring and talking at us." The decision which emerged under Maxwell's insistence was not to abandon the plan but merely to place it in cold storage. In his press statement Mackie said the decision "was due solely to the fact that it had been found impossible to implement it by the target date of 5 May. However, Mackie denied that the decision had been forced upon the co-operative because of the opposition of print and journalists unions who agreed at an emergency meeting in Glasgow that they would not approve the scheme, and he stated 'The problems involved are so immense that more than three or four weeks would be needed to solve them". (Scotsman, 11 April 1975) Thus having been rescued from the most exhausting and exploitative conditions of work conceivable by the forceful intervention of the print unions, the SDN Action Committee remained so under the duress of Maxwell that they were incapable of giving the unions credit for their help.

Maxwell's Dominance

During this period Maxwell was assuming an increasingly dominant role in the business affairs of the SDN. When Maxwell first became co-chairman he "insisted his appointment... was purely for prestige purposes. He would probably visit Glasgow only for the annual meeting once the paper was launched." (Scotsman, 26 February 1975). Later in a BBC Scotland programme Maxwell maintained, "My role is only dominant to the extent that the executive council asks me to undertake certain jobs, the reason why you have seen me more dominant than I would have

liked at this in these stages is because we're dealing with very urgent negotiations of high business type to negotiate with Beaverbrook to get them to increase their commitment from one sum to another, to get the government and the lawyers to deal with the prospectus and public issues. These are all points of which my colleagues unfortunately, so far, being ordinary working people have no experience, (such as a person like myself, but once the paper gets going the people who will matter are the editor and general manager". Which prompted the following exchange -

Brian Barr (interviewer) "The fact is Mr. Maxwell you've already been frustrated in bids to take over newspapers before and these were newspapers which you wanted to run. Is it not fair to suppose that you also want to run the Scottish Daily News?"

Robert Maxwell "No I don't think so. I didn't want to run those newspapers either. I certainly wanted to own and assist in the management of newspapers, that is still my ambition, and I shall do. I shall play my part to the extent that I am asked to ensure that the Scottish Daily News is a success.

Allister Mackie "There is a role that Bob Maxwell can play in a newspaper that we cannot. We're not accustomed to dealing for example with high finance, top purchasing. We cannot deal with this area. Our business is to produce a newspaper and its in this sense where Bob Maxwell is part of a team In case Bob himself thinks he's going to run the newspaper, then he's in for a disappointment, he's part of a team".

Maxwell "Hear Hear ". (BBC TV, 28 March 1975).

The exchange reveals the latent conflict, which continually erupted away from the media, between the aspirations of Maxwell and the orientations

of the SDN Action Committee. However although the recent threat of the withdrawal of Maxwell's cheque still hung in the air, it was quite wrong of Mackie to justify Maxwell's involvement in the business of SDN since this contradicted the experience of the Action Committee: it was they, with the financial advice of Briston who had negotiated the original loan from the government, and the deal with Beaverbrook. Now Mackie was suggesting that, although they had acquired further professional support, they could not deal with the financial arrangements of running the company, which was completely untrue.

In fact Maxwell's unpredictable influence frequently dismayed the Action Committee, "We spent half our time worrying about Maxwell when we should have been concentrating 100 per cent on producing a good newspaper" Charlie Armstrong maintained. On the eve of the prospectus closure Maxwell summoned the general Manager Eric Tough, and the editor Fred Sillito to his office in London, where he demanded that if he was to continue to support the venture he would need their help as 'alter egos'. They refused, but understood Maxwell proceeded to monitor the actions of the SDN management from Oxford and London. Allister Mackie despaired:

"Maxwell made it clear by his phone calls from Oxford that although the rules stated otherwise he considered the paper his own. From Oxford, he sacked the Works Council's selection of financial controller three times over a ten day period; the general manager was threatened with the sack because he agreed with the councillors on their views of the evening edition; the councillors choice of insurers was overturned; the cash balance was to be deposited in a London merchant bank instead of the City of Glasgow; and so it went on in one instance after another. Maxwell was transparently incapable of working within a committee or board, while the council could not stomach his autocracy".

Several of Maxwell's decisions sorely embarrassed the SDN management and Council: in one case Maxwell had negotiated a low price for the agency wire services on the basis of a circulation for the SDN of 90,000, when the target circulation was 250,000. In another instance Maxwell had ordered 12,000 tons of newsprint, when 10,000 tons was the maximum annual requirement, and all from one supplier, when due to potential shortages all newspapers insist on several suppliers. Renegotiating these deals took time and effort from the SDN Council and management, and risked damaging the good name of the co-operative. (McKay and Barr, 1976, pp 63-67).. Charlie Armstrong, who was responsible for production, said "For the first two weeks after 28 March we couldn't get on with the business of setting up this newspaper because of continual interference from Robert Maxwell. He was phoning up from Oxford and creating havoc. He had people running about like half drunk idiots every time he spoke to them on the telephone." (BBC2, 10 November, 1973)

The Works Council's Attempt to Sack Maxwell.

The SDN gained access to the Albion Street building at the beginning of April, and the Action Committee elected a Works Council from their number to supervise the 5 May launch of the newspaper. The Council included Mackie, McNamara, Armstrong and Russell who were determined to prevent Maxwell's attempt to take complete control. (By this time it had materialised that Maxwell had secretly borrowed £11,000 of the £25,000 extra he had paid to make up the investment total from two senior SDN journalists. The fact that he had made his demands on the basis of only an extra £14,000, lowered his esteem in the eyes of the workforce. However the episode indicates where the loyalty of some of the senior journalists lay). The Council decided, in his absence, to call for the resignation of Maxwell from his post as Co-Chairman, and Maxwell was informed of this decision at a Council meeting on Sunday 13 April. No longer would

Maxwell be capable of negotiating on signing contracts for and on behalf of the SDN without prior discussion or sanction by the Council. The following reasons were put forward by the Councillors to explain why they had thought it necessary to take this action, and were recorded in the minutes:

- "1) That it was impossible to conduct normal business, due to constant countermanding of directives of the Works Council by Robert Maxwell to the General Manager.
- 2) The loss of credibility in the eyes of professional advisers and trade unions, who looked upon the enterprise as no longer being under Workers' Control.
- 3) Confusion in the rate of progress through ignorance of events taking place in the South.
- 4) Duty to the ultra-sensitive trade union movement in Scotland to retain the Worker Control concept as put forward over the past 12 months.
- 5) The responsibility of the Council as such and that they cannot be subject to any single authority on the Council irrespective of person or position.
- 6) That the help of Robert Maxwell in the past was greatly appreciated and the help he could be in the future was recognised. But the energy could not go unharnessed if the Worker Control concept was to be seen to function correctly". (Works Council Minutes (WCM), 13 April 1975).

Maxwell's response to his dismissal was a combination of mock penitence and belligerent defence: "Maxwell accepted all criticisms levelled at him, particularly in that the Executive had been required to report direct to him. He accepted that the General Manager should act as per the instructions of the Council in the best interest of the Company. But remarked that if the deadline of 5 May was to be met, the Council must realise the necessity of making decisions independent of Council discussion. Maxwell reminded the Council that he had made it a condition of investing that he be the Co-Chairman. He had originally wished to be the Chairman but had conceded the point"

Listing a catalogue of his achievements, Maxwell was interrupted forcibly at several points where Councillors corrected his claims. Finally Maxwell concluded, without a trace of hypocrisy, that "he felt that if he was to withdraw completely, there would be dissension in the workforce and the production of the paper would be delayed. It is necessary to present a united front to the public at large and the workforce in particular to maintain harmony and co-operation." Maxwell requested if he could be co-chairman non-executive, another remarkable invention. The Council refused, whereupon he asked that the matter be put to a mass meeting. Brian Dorman of Boyds, the SDN solicitors, ruled that this was out of order, and the legal ruling was accepted by Maxwell. "But he felt that democratically and especially being a co-operative set-up, he should be permitted this right as a worker." Several Councillors disagreed, but Alister Blyth supported Maxwell, and the Council, with an innocence they would bitterly regret, conceded to Maxwell's request.

The riotous mass meeting which ensued on 17 April illustrated fully how Maxwell could overwhelm the primitive democracy which existed at the SDN and seize control of meetings. Mackie informed the workers "of the unavoidable clash of policy between Robert Maxwell and the works council. Due to different interpretations of the ideal of the workers co-operative. This had led to constant delays in production due to the overruling of decisions by Maxwell and the inability of management to function properly." The minutes record how, "At this juncture, the discussion degenerated into fierce exchanges and mudslinging, accusations and counter-accusations, until eventually the general body complained their disappointment at the Council allowing themselves to come to this position. The general opinion was that the situation should have been resolved in council." Maxwell was asked why he would not accept a compromise, and he replied "I would be the laughing stock of industry as would the Works Council to call first for resignation then ask me to continue." He was told by Rusty Steele of the NUJ that

"your attitude does not conform to the idea of a workers' co-operative". Nathan Goldberg suggested a further compromise of merely restricting Maxwell's brief but "Maxwell persisted in his attempts to retain full authority." Within minutes the meeting became violent with repeated calls for order, and Maxwell eventually said that he was prepared to consider a compromise. The Council meeting was reconvened where Blythe suggested that Maxwell "should continue as co-chairman but non-executive as per the prospectus. He would only negotiate on instruction of the works council and all subsequent agreements and/or contracts were to be referred to the full council for consideration before being ratified. In the event of deviating in any way from this brief, Maxwell would be dismissed forthwith". This was agreed, and Maxwell "promised he would act only on request and would not interfere with management." (MMM, 17 April 1975).

At an earlier Council meeting Mackie reminded Maxwell "that it was impossible to intimidate unemployed people. There was nothing for him to threaten them with." Regrettably the bravery of Mackie's fine comment ignored the vulnerability of many of the SDN workers, who repeatedly showed that after a year of unemployment, they could be intimidated to do almost anything by the promise of a secure job which they mistakenly thought Maxwell could offer. Later Allister Mackie appreciated the crucial significance of this development for Maxwell: "At this meeting he clearly identified his future power base within the company. He discovered that there were members in the workforce who were prepared to speak on his behalf against the authority of the Works Council. In the main they were journalists and included some of the top editorial executives. Although the meeting unanimously endorsed the council's decision to remove Maxwell's executive authority, at the same time they recommended that he be allowed to continue as co-chairman non-executive. The Works Council had no alternative

but to accept the recommendation knowing that they had failed in their attempts to remove him completely from the scene. Now they feared that Maxwell would make another bid ... and another, until he had complete control." (1976, p.130).

THE FIRST EDITION OF THE NEWSPAPER

The first edition of the Scottish Daily News hit the streets of Glasgow on 5 May, just five weeks after the close of the prospectus. The fastest launch of a daily newspaper in print history remains an impressive and lasting achievement of the SDN workers co-operative. For thirteen months SDN workers had struggled simply to secure government approval and raise the funds necessary to prove that they could create a successful newspaper. Despite repeated requests on their part to the Beaverbrook management for access to the building so that they could clear and maintain the plant they were locked out. Now they were at last given the opportunity to prove their capacities, and they revealed immense enthusiasm and great technical skill in converting the almost derelict building and plant into an efficient newspaper operation in the three weeks they had between gaining access to the building and the launch date. In those few, brief, and overwhelmingly euphoric weeks, the co-operative spirit burst in abundance which promised to be the unique fuel that would carry the SDN along to greatness regardless of the enormous problems the newspaper faced. Allister Mackie recorded the pervasive confidence and dedication of this time.

"With Maxwell back in Oxford, quick progress was made with the launch preparation. Daily the co-op spirit was evident. In almost all departments, members' contributions were measured by their capacity to work and not by the amount of reward. In this prelaunch period no one worked to the clock: the length of shift was determined by the requirements of the department; no overtime was being paid despite the long hours being worked In a space of only three working weeks a workforce had created a newspaper from a plant that had lain idle for over a year; another miracle had been brought about, if only through hard work. No other means of management than the co-operative could have produced so much in so short a time. The optimism of the members

was high. Technically they could produce a first class newspaper, far better than anything Beaverbrook had turned out in the same plant; the evidence was there to be seen." (1976,p.131). (My emphasis).

"We're in the business of making miracles", Nathan Goldberg declared with typical restraint. All the SDN workers, many of whom had played a passive role in the year-long struggle to establish the co-operative, were caught up in this enthusiasm, "There was a bloody great atmosphere" Tony and Bill, two SLADE members agreed, "You could ask anybody to do anything and they would. The journalists had mops and were cleaning up the factory. If people were working on a job they worked to finish. When we started to be paid, people didn't start screaming for overtime. In the old days people wouldn't work over for five minutes without being paid We found the Express were throwing out old blocks, we found that they were quite good and asked the Express general manager if we could have them, and he agreed It was wee things marvellous wee things !" Andy Riley, their FOC, maintained, "We think this is a wonderful thing, it can work. We're proud of it. This feeling of your working for yourselves.... It's a feeling we've never had before. This venture can't really fail as regards the feeling of the members. It's a wonderful thing, we're all working for everybody else. It's great."

Technical and Organizational Problems.

The technical problems to be overcome in setting up the newspaper from scratch in such a short space of time and with extremely limited resources were considerable, even for experienced newspaper workers. McKay and Barr have provided a sound assessment of the extent of this accomplishment:

"The achievement of reconsecrating the Albion Street building and, in a period of four weeks, bringing the plant and workforce up to the point

of producing a newspaper can hardly be overestimated. No newspaper has been launched in anything approaching such a short period and the entire workforce, led by the worker directors, were throwing themselves into the task with great enthusiasm and efficiency. It is difficult for those who have never been involved in newspaper management or production to appreciate the complexity of setting up a plant ready to print a daily newspaper. Materials - paper, ink, metal, typefaces and a host of small items down to typewriter ribbons - had to be bought, machines which had laid idle for over a year had to be overhauled and tested; distribution had to be arranged; heating, lighting, telephones and wire services had to be negotiated; staff had to be hired, journalists had to start stock-piling stories and features for the launch period and pre-launch publicity had to be arranged. Behind that first edition of the Scottish Daily News on 5 May lay a superhuman effort by the workforce. And although most of the workers knew what they were doing because of their long experience under Beaverbrook, the organization and coordination of all this effort stands as an impressive testimony to the efficiency of the co-operative management." (1976, pp 93-4). (Yet the Royal Commission on the Press in one of its few scant references to the SDN could smugly dismiss the effort and speed of the launch with the words, "We are bound to record that most of those involved who expressed opinions to us, including members of the co-operative, were extremely critical of the way the launch was handled." It should be noted that the Commission did not state who expressed these opinions, and that its criticism of the launch seemed to rest simply upon the failure to attend to pre-marketing with advertisers. (RCP, Final Report, 1977, p.53).)

In the weeks preceding the launch the Works Council met daily, and sometimes twice a day in lengthy sessions of collective management. For example the Works Council met at 12-15 p.m on 30 April to consider a senior editorial appointment and the staffing structure of the advertising

department. Then at 2.30 p.m. the Council met with NATSOPA to consider displacement of staff in the machine room day and night shift; the cleaning staff; and the pay for casual folders. Finally at 4-5 p.m. the Council met all heads of department to judge the progress of the dummy run. The performance of each department was considered in turn: despatch, machine room, stereo, caseroom, process, wire-room, advertising, and after assessing the print run and anticipated sales of the first edition, the meeting closed at 5-15 p.m. Almost every conceivable problem was tackled by the Council including finance, technical, administrative, editorial, industrial relations, discipline, advertising and publicity. Brief discussion took place on most issues and decisions normally were reached quickly and proved effective solutions to the problems encountered. A wide range of matters were considered at each meeting as the staff, plant and building were geared up to commence publication. At a typical Council meeting on 22 April at 9 a.m. the following business was considered and recorded in the minutes:

- | | |
|-----------------|---|
| 1. Staffing | Accounts Department |
| | Circulation |
| | Advertising |
| | Switchboard |
| | Library |
| | Security |
| | Copy Telephonists |
| | Stock Room. |
| 2. Stationary | Letterheads |
| | Advertising Stationary |
| | Circulation Stationary. |
| 3. Requisitions | Stock, Machinery, Books. |
| 4. Wages | List of those Employed. |
| | Payment from 28 April. |
| | Computerisation Through Bank of Scotland. |

5. Time Cards.
6. Office Accommodation.
7. First Edition.

A week later on 29 April the Council met the overseers to consider the progress of production and the following subjects were covered :

1. Dummy Run Discipline
 Copy Flow
 Process Department.
2. Despatch
3. Machine Room
4. Stereo
5. Caseroom
6. Editorial
7. Copy-Telephonists
8. Library
9. Switchboard
10. Advertising.

The shopfloor Council members clearly expected to comprehensively supervise the organization of the enterprise at this stage: no problem was considered beyond their remit or competence, and each was approached with diligence and responsibility. But the Council's burden of work was lightened by the eagerness and thoroughness of the SDN workforce: against a surprising number of matters "No problem", or "No obvious problems", was noted in the minutes. On other issues minor difficulties were easily resolved due to inter-departmental co-ordination and understanding.

A few issues proved more intractable, and were soon to assume much more threatening significance. The first general problem which consistently recurred in the minutes was the great shortage of funds and

resources which dictated a debilitating improvisation and parsimony in every area. New machinery and equipment was almost invariably beyond the means of the co-operative and the SDN workers usually had to make do with what Beaverbrook had left behind. The only provision for new plant in the original SDN proposal was £10,000 for microfilm equipment. This meant that even small items had to be refused. In the photographic department the overseer begged the Council to buy a processing developer, costing £250 which would expedite the production of pictures, particularly since he was short staffed. The Council were sympathetic to the problem but could only offer to investigate the possibility of hiring a developer, or obtaining a reconditioned model. In the rare instances when purchases had to be made, as in the case of the sales representatives Chrysler cars, the Council did everything it could to secure in return extensive advertising contracts called "contro-deals". (WCM, 21 April 1975). Though a strict frugality was exercised, the expenses of the launch quickly reduced the SDN opening cash balance of £950,000 by over two hundred thousand pounds. Launch publicity, professional fees, stamp duty, the first weeks wages, and countless other minor items rapidly mounted up as Table 7 shows..

Table 7

SCOTTISH NEWS ENTERPRISES LIMITED:

EXPENDITURE FROM SETTLEMENT DAY TO LAUNCH DAY.

OPENING CASH BALANCE £950,000

EXPENDITURE

Launch Publicity	...	£50,000
Spares, Stores, Rates (Beaverbrook)		£49,548
Lawyers	...	£27,556
Accountants	...	£14,418
Stamp Duty	...	£24,251
Printing Prospectus	...	£ 4,148
Metal	...	£ 6,500
Newsprint	...	£ 8,500
Van Purchase	...	£ 1,100
Deposits (Car H.P)	...	£ 8,741
Telephone (Rent in Advance)		£ 8,240
S.S.E.B Deposit	...	£ 7,000
Wages to 5th May	...	£15,406
Workers' Expenses	...	£ 6,788
Sundries	...	£ 526
		<u>£232,722</u>

TABLE 7 (Cont'd)

CASH BALANCE AT 5TH MAY, 1975			£717,278
MADE UP OF:	BANK	...	£17,278
	DEPOSIT.	...	£700,000
			<hr/>
			£717,278
			<hr/>

Thus they were able to start "trading" with £717,278

in the Bank, and with stocks of Spares, Metal and Newsprint.

Source: SDN General Manager's Report, Number 1, 21 May 1975.

The financial weakness of the SDN left it dependent upon hiring the services of other newspapers and agencies when it could not meet the cost of setting up its own operation: the racing section had to be transmitted from Beaverbrook's Evening Standard office in London, and the Evening Standard and Scotsman were approached for City page data.

Another reflection of the shortage of funds was the reluctance of the Council to sanction the appointment of new staff until the chapels began to complain of undermanning. Quite a number of positions were deliberately left vacant to save money, when the staff could have contributed to a successful launch. When it was decided to fill posts, and there was no one suitable from the ex-Beaverbrook workforce, the recruitment of new people was severely hindered by the relatively low wages offered: new recruits to the SDN might be compelled by idealism, they would not be attracted by the pay.

Another serious problem to emerge during the days of preparation was a clear dislocation between readiness and effectiveness of the production departments and the delay and lack of organization of the editorial department: since the production departments were dependent upon the editorial for their supply of copy and blocks to set and print, the delay was a source of immense frustration. The hold up partly was caused by the fact that the Press Association news service terminals and the telex, the staple source of national news for any paper, were only functioning

properly by 30 April and the news desk previously had been starved of material. Also it was claimed that there were insufficient editorial staff for features, sub-editing or writing. But obviously there was a crucial lack of leadership and commitment in the editorial department. The process department, caseroom, stereoroom, and machine room, all pleaded with the editor for as much advance copy flow as possible, to facilitate the efficient organization of their work and to prevent their pattern of work becoming long bouts of enforced idleness building up to an intense burst of activity to get the paper out in time. To all of which the editor weakly responded that "He could forecast feature work only a week ahead, apart from the Matt McGinn serial, there was nothing he could let them have." (WCM, 30 April, 1975). The other hundred journalists should share responsibility for the critical failure to produce features copy: while they were locked out of Albion Street there was nothing the print workers could do to prepare for publication, but the journalists had ample opportunity to prepare a good stock of feature stories which could have greatly assisted production in the early weeks, and dispensed with the need to recruit outside dignitaries as regular feature writers, for the selection of which the editor later was justifiably severely criticized in Council. But there were other signs of a deep malaise among the editorial staff.

A disabling hierarchy and status consciousness came creeping back into the SDN in the editorial department before anywhere else. Appointing a caretaker editor had created the problem of succession and the suggestion that Nathan Goldberg might become deputy editor distressed another senior journalist Denny McGee. As a compromise Goldberg suggested to the Council that he be appointed senior assistant editor and McGee be appointed assistant editor in charge of production. A major row broke out on Council when McGee's competence for this position was questioned, and the obsession with petty nomenclature did not augur well for the future. Moreover it was clear that some editorial stimulus was

1. In the process department the photographic plates are made; in the caseroom the copy is set in type and made up into pages; in the stereoroom

metal blocks and moulds are made from which the printing plates are cast; finally, in the machine room the vast rotary presses print the newspaper from huge rolls of newsprint.

needed if the journalists were to escape from the Express mould in which most of their talents had been fashioned. Mary Holland, a former Observer columnist of considerable ability, was approached for the post of deputy editor. Sympathetic to the idea of the co-operative, she took the invitation seriously and travelled to Glasgow to meet the SDN editorial staff. Instead of responding to her as someone who could make a valuable contribution to a fresh editorial orientation for the newspaper, she was greeted by a cabal of SDN journalists with jealousy and crude prejudice. They questioned her integrity, and in particular her sympathetic coverage of the problems of Northern Ireland. Their personal hostility, professional limitations, and reactionary politics drove her away, as later, Ralph Saunders, another talented senior journalist who tried to help was driven away. Allister Mackie was vituperative in his condemnation of the SDN journalists behaviour during these episodes: "Mary Holland and Ralph Saunders both were proposed as outsiders to take on editorial responsibility, but both were worn down by the animal hostility of the editorial department. Mary left immediately, and Ralph within a few days - a conspiracy of incompetence was waged against both of them."

Relations on the shop floor of the newspaper were much happier and generally there was a good working atmosphere: in the print chapel tradition, people were responsible for completing their own work without any close supervision, and the FOCs ensured that production was running smoothly rather than the overseers. The overseers were interviewed and appointed by a joint sub-committee of the Council and the Federated Chapel, they were often popular choices, and carried little independent authority, but they did receive a 15% differential, and the position of some was resented. The heads of departments occasionally indicated that they would like to tighten up on labour discipline, at one Council meeting the finance manager suggested the introduction of clock cards as "he felt that clocking in and out would help to identify in certain areas personnel starting varied shift times." But it was argued that time cards

had only been used in the past to record wages and overtime, and clock cards were never introduced. (WCM, 22 April 1975). In fact the SDN workers enjoyed considerable autonomy: during their breaks they were free to move around the building, or to leave it at will, and the direction they normally took (often accompanied by the author) was Tom's Express bar immediately next door. (The bar was really the SDN social club, at lunch time and in the evening it was packed with SDN people and it was difficult to tell who had finished work and who was simply having a break. But the bar performed a vital function: it was here more than anywhere else that people from different departments could meet together, and regardless of skill or status, discuss the paper and how it could be improved. The chairman and general manager would rub shoulders with the assistant machine minders, foundrymen, and despatch folders, and would argue out production problems. In the newspaper office itself the separation between intellectual and manual labour might have been preserved in the division between the journalists and manual workers, but in the Express, there was no division and people lived on their wits. The street sellers would walk in with the latest edition of the paper which would be eagerly seized and analysed for changes: good editorial would be praised and poor stories openly ridiculed and abused. All of this took place in a crowded, friendly, beery atmosphere, with bitingly funny Glaswegian humour and the vapours of good malt whisky filling the air. The Express bar was one of the best things about the SDN!) But although most of the workers kept within the bounds of the hard drinking which is treated as an obligatory formality in Glasgow, a few went over the top and were criticized several times in Council for having drunk too much while on duty.

Competition from Other Newspapers.

At a meeting earlier in the struggle Maxwell had announced to the assembled workers " from Sir Max Aitken to Lord Thomson, Mr. Pickering, Sir Hugh Fraser, all of them have assured me of their goodwill and promise of co-operation for your enterprise." (BBC2, 10 November 1975). This statement proved a typically useless piece of pomposity. All of the Scottish national daily newspapers run by these men - the Daily Express, Scotsman, Daily Record and Glasgow Herald mounted expensive publicity campaigns to initiate a fierce circulation war at the time of the Scottish Daily News first edition, in a manner reminiscent of the competition of the early decades of the century. (McKay and Barr, 1976, pp 15-6). It was unlikely that the SDN would create many 'new' readers, and even if it picked up all the hundred thousand readers who had abandoned the Express, they would still have to claim 150,000 of the readers of other papers to achieve their target circulation. Most of the Scottish papers, as the national press in general, were in a financially precarious state and the injury to their circulation done by this new intruder could be fatal. The Scottish newspapers were therefore only indulging in the competitive fight for survival which is the dynamic of the capitalist market system whatever destructive damage results. Though the SDN workers did not express the public aggression of Maxwell toward their rivals, they had assimilated the competitive orientations of the industry which had survived their redundancy, and even been sharpened by the struggle to set up the co-operative. This competitiveness was particularly directed at the Scottish Daily Express now printed in Manchester: "That newspaper would have to be effectively killed off in Scotland before the Scottish Daily News could live ... the co-operators relished that prospect even though, inevitably, it would mean that other print workers would experience the humiliation and indignity they had

so recently known ..." (McKay and Barr, 1976, p.58). The SDN the workers were caught in/contradiction that in attacking their previous employer who had treated them so cruelly, they were also directly attacking print workers who were 'brother Trade Unionists. One worker argued: "There were stories going around that 'We'll sort the Express out, even if we have to throw the lads in Manchester on the dole'. But not many people felt like that, after a year on the dole, you couldn't deliberately throw anyone on the dole. Though we would throw Jocelyn Stevens out if we could ! "

There were other, seamy, aspects to the circulation war that the publication of the SDN prompted. Tony and Bill of SLADE complained "In Edinburgh street vendors were told 'If you sell the Scottish Daily News we'll not let you have our paper, and we'll shop you to the buroo and they'll set the police on you. We gave them a couple of copies and they laughed. This is big business ... The newsagents often said, 'We're not going to sell a Commie paper'. Nathan Goldberg the deputy editor, realised what was happening, though he was reluctant to talk about it:

"There is a campaign going on in Fleet Street to destroy us, there's no doubt about it - but of course you can't say that in the columns of your paper. You can't even say it on the radio because it sounds like sour grapes. But there is no doubt about it, they're out to get us, nail us. Y'know when this paper came out I thought it might have been a reasonable story for some of the Scottish press to carry, and not one Scottish paper carried it, which is incredible really. Advertising is not something I'm involved in but it's amazing. Circulation especially - newsagents are hiding it under the counter. Newsvendors are saying to people who come up to them for the paper - 'Sorry, mate; do you really want to read that fucking Communist rag?' And so on ad nauseum. And that does not help..... We're getting so many letters from people who can't get the paper, that's because you can't see it - usually it's hidden underneath

a pile of Donny Osmond LPs or something."

The Success of the First Edition.

On the evening of Sunday 4 May as the first edition of the Scottish Daily News was prepared for the presses there were scenes of wild excitement and emotion in the Albion Street building. Journalists and production workers crowded into the machine room to watch the presses roll in earnest for the first time with a co-operative newspaper; television crews jostled for position, and celebrities and politicians tried to become involved in the action. People who had worked in the media all their lives and had travelled the world were overwhelmed by the occasion, and tears flowed freely. The paper was rushed out onto the night streets to be greeted by an eager public, overcome by curiosity, if not by commitment. The first edition was a complete sell out and the Guardian at least rejoiced at the successful birth of the paper:

"The Scottish Daily News, the new daily paper produced by a workers co-operative of former Beaverbrook employees in Glasgow fairly set the heather on fire yesterday throughout Scotland from the Solway Firth to the Shetlands. The first printing run of 280,000 copies was sold out within a few hours of publication. At Queen Street Station Glasgow customers were queueing up soon after midnight to buy the paper in batches of five. A street vendor in Edinburgh sold 1,000 copies before 8 a.m. and by mid-morning the first edition of the new paper had become a collector's item. The immediate reaction of the management was to plan a bigger run of well over 300,000 last night, with the intention of building up to 350,000 as more distribution outlets are organized. The original budget for launching the project was based on a workforce of 500 using three printing presses. If there is a sustained demand for more than 350,000 copies the executive council of the company will consider the economics of putting in more machinery to give a capacity

of 470,000." (6 May 1975).

A day earlier John Kerr had written an equally celebratory, but more cautious welcome:

"There is probably no one in Scotland who does not wish the Scottish Daily News well ... Few projects of recent times could claim such a comprehensive consensus of moral support. At the same time there is a lingering query in the minds of many well-wishers as to whether the brave new enterprise can survive in a hard commercial world. While applauding the dedication and persistence of purpose that has brought the SDN to the point of publication, some simply wonder if a new daily paper is a viable objective in what is essentially a contracting industry. So Scotlands new daily - "The GOOD MORNING Paper" - is being launched in a strangely mingled mood of high enthusiasm and nagging reservations ... The basic underlying principle of workers' control is seen as the answer to most of the major industrial relations problems that have afflicted the newspaper industry in recent years ... The events of the past year reflect two dominant characteristics in the SDN enterprise - an apparently unsinkable capacity in the men involved to work for what they believe in, and an ever-present financial stringency. Having come so far in the face of adversity it now remains to be seen whether the faith that the former Expressmen have in their own cause can be transmitted in print to the public at large and translated in a profitable readership." (5 May 1975).

Tony Benn, the Minister who had fought to fund the co-operative, was present at the birth of the SDN, and although he made it clear that he saw the project as something very special, he related its significance to the broader development of democracy in industry and society generally:

"Perhaps I'm a watering can in this garden but the flowers are coming up everywhere. I was in Jarrow over the weekend and there the shipyard workers are working on the plan for industrial democracy at Swan Hunter which is going to be brought into public ownership. The Leyland workers

in the Midlands are working. My aircraft workers in Bristol have published the most brilliant scheme for industrial democracy in the aircraft industry. In Meriden the motorbikes are being built again. In Kirkby in Liverpool they've got their night storage heaters and their fruit juice and they're planning it. The thing is going like wildfire throughout the country and it's the most exciting thing that's happened in Britain since the war. But the advantage the Scottish Daily News has is that it can write about it from its own experience." (Granada TV, 5 May 1975).

Benn appreciated that if these developments were not to remain isolated experiments, but to build into a movement for social and industrial change then they had to be publicized widely, and the support of the organized working class secured: the virtue of the SDN was that it could do precisely this in the course of its normal operations, as Fred Smith, the general secretary of the SGA put it, "I don't think people are aware of the great interest there is in this part of Scotland in getting this paper together. A paper appears daily - living evidence that a workers co-operative is working." (Guardian, 5 May 1975).

By its very existence the SDN had undoubtedly achieved a major innovation in industrial organization, but what it had yet to prove was that it could make similar strides forward toward democratic responsibility in its editorial orientation. Benn rebuked the capitalist press for its failure to respond to the problems of working people, and had great hopes that the SDN could compensate for this neglect: "One of the great tragedies about the press in Britain is that they do not speak for the British people. I am amazed when I read in editorials of the silent majority that is supposed to exist but never get a chance to be heard. I am surprised that the British press by and large does not take up issues that concern people and fight for them as they ought to do. I believe that the Scottish Daily News will be a voice, not just in Scotland, but it will be a voice throughout the UK". (Guardian, 14 April 1975).

Yet if Benn had known the traditional background of most of the editorial staff and the scant attention to any retraining or reorientation on their part, he would not have been so confident of the possibility of a new journalistic departure, and whether the SDN print workers could exert an enlightening influence upon the editorial remained an open question. Martin Adeney correctly diagnosed the nature of the problem: "Nothing is guaranteed to raise a louder cheer at a trade union or Labour Party conference than complaints about the unrepresentative nature of the capitalist press. And it is this gut feeling, that a different kind of press would result from control by workers, as well as an obvious desire to preserve jobs, which has made the Scottish Daily News, like Upper Clyde Shipbuilders before it, a popular cause which committed shopfloor trade unionists have been glad to dip into their pockets to support. How far the promised 'left of centre' paper will meet the kind of demand that trade unionists continue to look for remains still, however, in the hands largely of the editorial staff of the new paper - although at longer range the powers of the whole 500 staff in their co-operative may be brought into play." (Guardian 5 May 1975)

The Shock of the Conventional Editorial Content.

When the excitement of the launch had subsided a little, the SDN workers had the opportunity to examine their newspaper more carefully. The structure of the paper certainly did not proclaim a radical departure: 4 pages of news, 4 pages of sport, with a pull-out racing section, 2 pages of features, and 8 pages of advertisements. The front page headline of the first edition, "IT'S GREAT TO BE ALIVE!" was an irrelevant human interest story which may have deserved a few lines in the middle pages, about a model who survived a car crash, and was used purely as a sentimental gimmick. Other stories were largely on traditional topics: disasters, accidents, trials, honeymoons, with a sprinkling of industrial and political news. In the few instances where the paper did offer a left-wing analysis, it did so with an awkward conviction, as

in a small story on the front page "Your Majesty is No Comrade" which reported a South Wales miners conference report that the Queen was the first person to break the social contract when she got a rise of £420,000. (There were two other stories about the Queen in the paper which were a great deal more complimentary). In the centre pages the editor indulged in some self-consciously inflated rhetoric:

"THE NEW and authentic voice of Scotland rings out today across the country - and far beyond. The Scottish Daily News has been the most talked about paper throughout Britain long before this first issue was printed. Now the most exciting publishing venture of the century erupts in the market place - and the talking will go on and on. For this is a new kind of newspaper. Many looking on from outside saw it as a crazy dream, the miracle that could never happen. The answer is in your hands at the moment We believe there is a hunger and a need for a popular newspaper looking out upon the world through Scottish eyes. A paper with which the whole nation will be able to identify. A paper sturdily independent of any political party, seeking to mirror as closely as possible the feelings of the people of Scotland - with a philosophy left of centre. The fresh air of freedom will blow through its pages. It will provide an open forum for conflicting policies and viewpoints" (SDN, 5 May 1975).

Next to the editorial there was a large cartoon of a besuited businessman's hand and a sinewy worker's hand clasped together with the inscription "We're on the same side now". Beneath the cartoon was a large article by the news editor "It Was A Battle All The Way: Andrew McCallum Looks Back Without Anger", which despite its title was an apolitical and humourous look at their experiences, with heavy use of horse racing references. The only real sign of hope in the whole

newspaper for those searching for political commitment in a socialist direction, was the critical article on the Common Market by the political editor Andrew Hargrave, "Why the Market Can't Help Scotland: We Could Remain the Fringe of a Fringe Country". Though, regrettably, Hargrave was not to stay with the SDN for long.

Many SDN workers felt a profound sense of shock and dismay as they read the paper, that the result of all their idealism and efforts was practically identical to the newspapers that they had previously worked for, but never believed in. A legacy of underfunding affected the paper immediately in that old plant and equipment, including a limited number of old Express typefaces, meant that the appearance of the paper, whatever its political identity, would be solidly traditional. Another traditional feature was the broadsheet size which the Action Committee had reluctantly decided upon, however unsuitable for the popular market, because the Express presses were geared for broadsheet, and the recent conversion of the London Evening News to tabloid had taken eighteen months and £160,000 to achieve. (SDN, Discussion Document (DD), 1975). Yet when the decision to convert the SDN presses to tabloid was taken later in the summer it was completed in a matter of hours and at no cost.

Clearly the most serious shortcoming of the paper was the editorial content itself. As McKay and Barr, who were accomplished journalists themselves, caustically explain:

"Another factor militated against a new and radically different Scottish Daily News, the rutted thinking of the paper's editorial management who had no clear conception of what the paper should look like, think or say. Any 'fresh air of freedom' blowing through the pages of the Scottish Daily News, it quickly became obvious, would not be generated from the editorial summit of Albion Street ... There was growing concern among some of the journalists at the absence of any directions or stimulation from the editor, Fred Sillito. Requests for editorial meetings to thrash

out a style, to define the policies and ethics of the paper beyond the vague phrases in the prospectus, brought no response. Like Topsy, it seemed, the paper was just going to grow haphazardly until it broke out of Albion Street on the night. It was becoming evident that what was going to appear would differ little from what was already available in other newspapers and, indeed, from what had come out of Albion Street under the old management. The indications were, already, that the Scottish Daily News would be a tired mix of court reports, deaths and bland features, surrounded by football and national, agency news. Formula journalism, but of another age. The sedate and outmoded blend would, as a market research survey later showed, find its place among the old and elderly, totally failing to penetrate the younger market where newspapers and advertisers focused." (1976, pp 67-8).

The lack of preparation for a new editorial orientation, thus meant that the majority of the journalists, who had many years experience with the Express, merely resorted to the journalistic formulae in which they had been trained. The absence of meetings to debate and decide the principles and politics of the new editorial approach did not mean that the journalists were individually free to experiment with new ideas, since most of them were firmly trapped by the past: to overcome this heritage would have involved a lengthy and exhaustive collective effort. A critical element which could have contributed further to a fundamentally different editorial approach would have been the active involvement of the SDN print workers, and of the working class readership, in the framing of editorial policy; but this never happened despite the horror expressed in some of the capitalist media at the supposed advance of a proletarian press. On the rare occasions when workers representatives on the Council tried to insist that the general 'left-of-centre' editorial guidelines agreed should be adhered to they were arrogantly rebuffed.

The World In Action.

A major confrontation was inevitable between those members of the co-operative who believed they were pioneering a workers newspaper, and the editorial staff who simply wanted to manufacture a commercial product. The fact that this confrontation took place on the Works Council and that a Granada TV World in Action team was allowed to film it, was a remarkable testimony to the openness and innocence of the Council, which was predictably abused. The programme emphasised editorial conflict on the Works Council, and the alarm of Councillors that the editorial was slipping into a conservative trough seemed to be treated as confirmation of the reactionary prediction of the restriction of editorial freedom at the SDN. Thus the programme focused on criticism of the editor for including contributions from the Conservative MP for Cathcart Teddy Taylor, and former Glasgow Sherrif Harry Pirie. The dialogue erupted in the following angry exchange:

Jimmy McNamara: "There's enough papers for Tories in the country. Tories get every other paper. How can an article by Teddy Taylor be left of centre? He's right of right !"

Allister Mackie: "That page as it stands, Fred, is right wing. With the exception of the leader column which says its left wing. That's what makes it a mockery."

Jimmy McNamara: "We've got guidelines left of centre and if you work within that, my God, it's a tremendous licence you've got. But you must work within left of centre."

Fred Sillito: "I think you're forgetting that for the dummy paper we had to put in the paper what we had, even if it happened to be stories like this" (Gramada TV, 5 May 1975).

The reaction of many of the SDN workers to this public revelation of political divisions on the Council was one of anger and incomprehension. They were as distressed by the bad publicity as they were at the fact that

the fundamental editorial orientation remained unresolved, thus the strident public criticism by the Councillors was resented as much as the weak and uninspired conservatism of the editor.

The external reaction to the SDN editorial conflict resembled the rigid and unthinking authoritarian elitism of the appraisal by the DoI Industrial Development Unit: "there must be questions as to the willingness of the proposed Executive Council to allow the essential freedom of action to the General Manager and Editor, particularly when management decisions prove unpopular with sections of the workforce. Clearly, no newspaper can operate successfully if day-to-day management decisions are subject to constant debate". (SNE, 1975, p.23). Clearly the people responsible for this statement would have been happy if a conventional editorial management had reigned at the SDN and an orthodox newspaper had resulted. The Sunday Times, of course, also proudly defended the sanctity of editorial privilege:

"Producing newspaper is not the same as making orange juice or motorbikes. What goes into it is open to argument in a way quite different from an ordinary product. The Scottish Daily News's most awkward hurdle will not be printing the paper, which is something the workers can do adequately enough, but resolving conflicting political and social views about the way subjects and stories are treated. The journalists and print workers have to decide whether they or the editor runs things." (11 May 1975)

(The prejudices of John Fryer, the author of this article, were blatantly revealed when he attributed the success of the launch of the SDN to the few executives involved: "The main credit for getting the paper out on time must go to the six executives appointed by the workers council." In fact they had a very peripheral role to play, as they often complained. Thus one of the greatest achievements of co-operative management and workers initiative was conveniently dismissed by a managerialist!). Allister Mackie was aware of the political reality which lay beneath the rhetoric of 'professionalism' and 'editorial

freedom': the systematic prevention of the expression of authentic working class views in the press. He argued:

"If we talk about nuts and bolts, then it's possible for unions and management to get together to talk about co-operation, but when you are in a "factory" that is producing ideas, opinions and points of view and philosophies of life then you will never in a hundred years get management to co-operate with the workers. If you are to have worker's participation in the newspaper industry, it can only be by complete control by the workers, so that your working class point of view can be put across." (IWC, January 1975, p17).

Jimmy McNamara explained the reasons for the editorial intervention on Works Council:

"We had as far as I was concerned a responsibility to allay the fears of the people who put money in, on the assurances that we had given. We didn't lay it on the table, the editor lay it on the table, and it had to be answered at that point. The battle so far has been lost because Teddy Taylor, has still got his article in. I wouldn't disagree with Teddy Taylor having his article in as long as its not identified as the policy of the paper. Unfortunately it appears to be. You can't be all things to all people, and never at any stage did I argue that's what we'd be."

The Fall In Sales.

Sales of the Scottish Daily News rose steadily in the first week of publication and peaked at 322,000, then they began to fall rapidly, and by the end of the second week were down to 220,000. Advertising, after the first few days of congratulatory pieces, was even more depressing, and was hopelessly short of the necessary 50% content of the paper. The rapid launch and lack of funds inevitably had caused problems, there were 17 sales staff to cover 5,000 retail outlets, they had only just

begun their work, and in the first month the paper was on a sale or return basis which created an incentive for newsagents to sell all their other papers before the SDN, which they could return. The advertising department was understaffed and inexperienced, rate cards did not reach advertising agents till three days after the launch, and the rate of £700 a page was considered high when the SDN circulation figures were unsteady and unaudited. But many people continually held the adverse publicity of the World In Action programme as the principal cause of the dramatic drop in sales; among them, senior journalists found it very convenient to blame the Works Council public outburst for falling sales rather than their own inadequacies. Jimmy McNamara, who was later victimised for his stand on Council "I got thrown off the Works Council because I disagreed with an editorial decision", argued:

"The easy way out is to blame the World in Action programme for the loss in circulation. Nobody will recognise the fact that circulation did not drop the first week, the World in Action programme was on the Monday night, and circulation increased the next night. I would certainly nae claim that it went up because of the World in Action, but I think I'm entitled to say that a bloke who saw World in Action wouldnae buy the paper the next day, and the next day, - he's nae gonnae wait 4 or 5 weeks before he stops buying the paper - I think that's a fair assumption. I don't think they're correct in sayin World in Action lost circulation, although probably we were a wee bit over enthusiastic in puttin forward our beliefs. But it was an emotional situation, you're not unemployed for a year, and then let the Teddy Taylor's of the world take over." Though acknowledging the effect of adverse publicity, Allister Mackie realised that the basic cause of the falling sales was the editorial failings of the newspaper:

"It was difficult to determine the root of the editorial weaknesses. The journalists seemed unable to produce a page with a distinct identity. Fred Sillito, the editor, was undoubtedly possessed with good talents, but

seemed unable to lead the executives. The effect was that the papers philosophy varied from page to page and story to story. (Mackie, 1976, p 134). (It should be noted from this comment that Mackie was not immune to the notion of the sovereign editor, and though he was aware of general failings among the journalists he tended to focus on the lack of editorial leadership from the executives).

The Council were confronted by a circulation fall sooner and more disastrous than they had anticipated in their projections. Unforgiveably, they chose not to convey to the workforce how serious the situation was. Instead, obviously, the workers learned from well-informed rumour. The machine room men knew better than anyone in the building how many copies were being printed each night, and the despatch men knew how many copies were coming back. One explanation for this reticence to inform the workforce, that was somewhat less than satisfactory, was offered in an anecdote by Eric Tough, the general manager:

"I remember one guy, now I admire that chap in many ways, who got up at a mass meeting, trembling with emotion and said, "Our current management is even more crooked than Beaverbrook ever was "because we had put our circulation figures in the paper the previous night saying "300,000 and still rising", when it was 250,000 and still falling. He demanded that, as an honest workers' operation, we should retract this. I told them that if they wanted to announce the real figure they could forget advertising, for ever. Every newspaper management cooks the circulation figures - you can't survive without doing it. You have to tell lies, white lies, black lies, any kind. Now this is an educational problem and I think given time, it could have been overcome. But time was the thing we never had." (McKay and Barr, 1976, p 93).

(If this was the kind of education the workers were to receive, then perhaps it was as well that there was no time for them to finish the course.)

John Hodgeman was dismayed at the Council's assumption of commercial secrecy and at the opening this left for Robert Maxwell to regain control:

"There was an apparent reluctance on the part of Mackie's team to impart the full facts and figures of a gloomy outlook to the employees - this reticence did not augur well against Maxwell's gauche 'frankness' ... From Oxford Maxwell's contributions to the company became a stream of erratic, nonsense letters and telegrams containing mainly negative tirades against Mackie and the Council As the cold financial statements began to frighten the workforce, so Maxwell's protestations and criticisms from afar started to cut more ice."

By the beginning of the third week sales had plummeted further, serious divisions were emerging among the SDN workforce as they began to lose confidence and the fear that they had not escaped the dole queue began to grow. At this point Robert Maxwell launched a new bid for control in the shape of a 2,000 word telex which arrived at midnight on 20 May and was addressed to the Works Council with copies to all the FoCs.

The First Maxwell Telex

The huge telex predicted imminent disaster for the SDN and understandably shook away the last traces of calm among the Albion Street workforce. In the telex Maxwell expressed his astonishment at how the Council had attempted to eject him; and that with circulation down to 200,000 and advertising only 25% of the content of the paper "it would be improper for me to remain silent and sit on the sidelines..." Maxwell then proceeded to detail what he thought to be the present state of the SDN: he estimated weekly expenditure as £90,000, and income as £57,000 at sales of 200,000. With losses in excess of £30,000 per week, and a balance of £500,000, he insisted that unless there was immediate drastic action taken to relaunch then the cash resources would be exhausted between 15 September and 31 October 1975. Maxwell called for "a meeting of our full workforce so as to take them into our confidence and

to ask for their advice and assistance, whilst at the same time outlining the council's plan on how we propose to save the SDN and the first workers co-operative in the newspaper industry from probable total collapse well before the end of this year." Maxwell continued: "I know that your immediate reaction will be to accuse me of panic mongering. This accusation would be as untrue as it is undeserved. The figures I quote are facts as verified with the general manager and anybody with a pencil and piece of paper can quickly work out that on our present circulation and advertising figures (which unless we take some immediate special steps to improve them are likely to fall) this company will, within less than six months, be unable to meet its wages and other commitments."

Maxwell announced some "concrete proposals which may just save the situation" which consisted of:

1. Increasing the editorial staff "to produce a much better and exciting newspaper" ...
2. Increasing the caseroom staff" to bring about better editionising".
3. Increasing the circulation representation staff "to get our circulation up quickly above 250,000....." (Whatever the legitimacy of Maxwell's claims about the problems of the newspaper, these "concrete proposals" seemed to reveal a superficial understanding of the nature of those problems and to offer hardly inspired solutions).

Finally Maxwell concluded with a complaint about the Works Council's "gross interference in editorial affairs", the uncompetitive advertising rates, and the failure to launch the paper at 5p instead of 6p,"so that the Scottish people would have (until Autumn) a monetary incentive to buy us rather than the Scottish Daily Express". (McKay and Barr, 1976, pp 75-79).

The telex ended with a plea to the FoCs to inform their respective chapels about its contents. By the next morning people were reeling under the impact of a convincing death knell three weeks after the birth. The Works Council, who knew exactly what the cash flow was, met that morning to express their astonishment:

Tough: "Apart from being in any kind of a crisis situation, we are exactly on course, as we planned we would be in the forecasts This came in about midnight last night, it's a great pity that Bob hadn't phoned me to say look I've just written this can I run through it and see the figures are OK?"

Mackie: "I can understand his panic if he thought these were genuine but if he had checked them he would have known they weren't genuine."

Tough: "Yes of course, the pity now Allister, is that quite a few people have read this alarming report".

Mackie: "But this is the damage. He has affected the morale of the workforce. Because if you say that you're going to be out of business by 15 September or 31 October then that must be very alarming to the workforce. (BBC2, 10 November 1975).

The Council carefully went through Maxwell's dire predictions and refuted them one by one. Firstly the circulation was roughly on target since it was expected to build up to 250,000 over three months. On expenditure Maxwell had calculated the cost of producing a 16 page paper with a print of 300,000 instead of a 14 page paper with a print of 200,000 and had therefore overestimated newsprint costs by £15,000. Other wages and costs were exaggerated by a total of £8,000. Advertising income, based on the amounts of the first two weeks Maxwell underestimated by another £8,000. Thus Maxwell had exaggerated expenditure by £23,000 and underestimated revenue by £8,000, amounting to the losses of over £30,000 that he said were going to destroy the SDN. Tough had not verified the figures Maxwell employed, that was a misunderstanding based on a brief telephone conversation. (McKay and Barr, 1976, pp 80-1).

The rebuttal was emphatic and impressive, but it remained to persuade the SDN workers that Maxwell's prophecies were largely fiction of his own imagination. The Federated Chapel was receptive to the Council's logic and the FOC's made it plain that they greatly resented Maxwells intrusion in the affairs of the company. But convincing the workforce that the

enterprise was still viable when their confidence had been so badly undermined proved an altogether more difficult task. A mass meeting later in the week accepted Tough's reassuring figures as accurate, but the sense of impending disaster could not be entirely dispelled. The solidarity of the workforce, never firmly cemented, began to crumble quickly under the combined blows of falling sales, increasing losses and Maxwell's determined intervention. John Hodgeman, who had been drawn to the SDN by idealism from a well-paid job with the Daily Record, watched the unfolding of events with a particular distress, as he observed how "as the situation deteriorated, fear, insecurity and paranoia set in. Maxwell nourished and cultivated the darker emotions and his support grew." A fear had been instilled which was never to leave the Albion Street building, and the national press, consistently fed with the most pessimistic forecasts, ensured with frequent reports on the imminent collapse of the project, that there would be few moments of respite for the SDN workers. "Paper Denies Crisis", headlined the Guardian, trying to help, but only rubbing salt in the wound in attributing any credibility to what were vicious rumours:

"It had been claimed that sales had dropped from about 300,000 copies with the first issue on 5 May to 120,000. It was also suggested that the management was considering evening publication instead of competing with established morning papers. Mr. Charles Armstrong, a member of the workers council, said there was absolutely no truth in either of these claims. The daily publishing figure of the paper was more than 200,000 and it would be "economic suicide" to change to evening publication." (30 May 1975).

The Times headlined "New paper suffers big drop in circulation", and continued "Several newsagents approached in Glasgow yesterday agreed that the early sales success of the paper had diminished sharply and that the two main competitors, the Scottish Daily Express and the Daily Record had recovered much of the ground lost to the Scottish Daily News in the first weeks of publication" (30 May 1975).

However, if the national press simply reported pessimistic stories without providing adequate explanatory context, Private Eye seemed to cruelly enjoy accounting the apparent failure of the paper and reported with some accuracy since their sources were close to the SDN that:

1. The paper was losing £2,000 per week.
2. Maxwell had launched a counter-move to take control against the existing "appalling management".
3. Advertising which should be 47% of content, had only ever reached 25% in any week.
4. The print order was down to 180,000 and circulation to 150,000.
5. That if Maxwell's prediction of closure by October was wrong, all Eric Tough could offer was that "at the present rate of losses, the paper could survive for two years. (30 May 1975). (Private Eye

likes to think of itself as the scourge of putative press barons such as Robert Maxwell, but in satirical stories such as this, exuding fatalistic pessimism, they only strengthened his hand by further demoralising the SDN workforce.)

In mid-June when the SDN balance sheet (Table 8) and trading statement (Table 9) emerged for the four weeks up to 31 May, they did not support the doom laden warnings of Maxwell, though they offered little comfort to the comparative equanimity of the Council.

In fact Maxwell had overestimated losses in the first four weeks by more than £100,000;

<u>Maxwell Projections</u>		<u>Actual Figures</u>
<u>Income</u>		£207,558
		<u>£ 2,750</u>
4 @ £57,000	= £228,000	£210,308
<u>Expenditure</u>		
4 @ £90,000	= <u>£360,000</u>	<u>£234,658</u>
TOTAL LOSS	= <u>£132,000</u>	TOTAL LOSS <u>£ 24,350</u>

TABLE 8

SCOTTISH NEWS ENTERPRISES LIMITED

BALANCE	SHEET	AS	AT	31st	MAY	1975
<u>FIXED ASSETS</u>						
Land and Building					£ 900,000
Plant and Fittings					£ 695,172
Motor Vehicles					£ 26,249
						<hr/>
						£1,621,421
Issue Expenses					£ 70,732
Pre-paid Advertising					£ 42,000
						<hr/>
						£1,734,153
<u>CURRENT ASSETS</u>						
Stocks		£	84,239		
Debtors		£	285,815		
Deposits		£	590,000		
Bank		£	717		
Cash		£	1,794		
				<hr/>		
				962,565		
Current Liabilities						
Creditors		£	183,686		£ 778,879
				<hr/>		<hr/>
						£2,513,032
H.P.Creditor					£ 18,123
						<hr/>
						£2,494,909
<u>LOANS</u>						
Department of Trade and Industry					£1,200,000	
Beaverbrook			£	725,000		£1,925,000
				<hr/>		<hr/>
NET ASSETS					£ 569,909
<u>REPRESENTED BY:</u>						
Share Capital		£	628,775		
Cumulative Loss		£	58,866		£ 569,909
				<hr/>		<hr/>

TABLE 9

SCOTTISH NEWS ENTERPRISES LIMITED

TRADING STATEMENT

FOUR WEEKS TO 31ST MAY 1975

		<u>ACTUAL</u>	<u>BUDGET</u>
Advertisement Contribution	£	59,492	£157,912
Circulation Contribution	£	148,066	£183,848
	£	<u>207,558</u>	<u>£314,760</u>
Editorial Costs ...	£	43,431	£ 43,380
Production Costs ...	£	158,699	£195,800
Administration Costs .	£	32,528	£ 30,020
	£	<u>27,100</u>	<u>£269,200</u>
Interest	£	2,591	
Donations	£	4	
Scrap	£	155	
	£	<u>2,750</u>	
LOSS FOR PERIOD	£	24,350	<u>£ 72,560</u>
PRE TRADING COSTS	£	34,516	
TOTAL LOSS	£	<u>58,866</u>	

Instead of running at over £30,000 per week, the SDN losses in fact were only averaging £6,000 per week. (Excluding the £34,516 pre-trading costs to cover wages and other costs in the week before the first edition was published). In fact in the submission to the DoI the SDN cash flow projections had accepted that there would be an average monthly deficit of £45,000 in the first three months of full operation, and that a trading profit would only be attained after six months. (SNE 1974,p15). However any consolation that the Council members may have felt that circulation income was achieving 80% of the projected figure, must have been shattered by the realisation that advertising income was attaining only 37% of the figure they had anticipated, and this was destroying the viability of the SDN enterprise. If they had achieved 80% of their advertising target this would have been £126,329 instead of £59,492. The extra £66,837 would have meant a profit of £42,487 on the first four weeks trading, and an overall profit of £7,971.

Therefore in May when he sent the telex, Maxwell's calculations were extremely inaccurate and unduly pessimistic; and anyway he failed to confront the two central and contradictory problems of the SDN: the shallow, inconsistent, and conservative editorial which alienated the paper's potential working class readership, and the political antagonism of advertisers who could not be convinced of the commercial conventionality of the SDN. Yet as the months of summer passed and the performance of the SDN progressively deteriorated, Maxwells gloomy projections became depressingly accurate, due primarily to the reasons he did not recognise, and, ironically, due to his own divisive and damaging impact upon the fortunes of the co-operative. For as circulation and advertising continued to fall in late May and early June, it became clearly apparent that Maxwell had successfully driven a wedge between the activists on the Council and Federated Chapel who still hoped that the paper could be rescued by returning to its original principles, and the mass of the workforce who were terrified of the dole and were prepared to do

whatever Maxwell wanted if they thought this might help to save their jobs.

The Management versus The Council

But while Maxwell preferred the grand strategy for taking over, the SDN's own executive management had been quietly chipping away. On 1 May 1975 there was a meeting of the Works Council with all the SDN executives with the heading:

"Purpose of the Meeting: to discuss phasing out of the Shop Floor elected Members of The Council."

What the Freudian slip actually meant was that : "It was agreed that the shop floor members of the Council would phase out their responsibilities and hand over to management any duties outstanding." Eric Tough

"requested that the Council report at what stage they were still involved in any duties they had been allocated over the past twelve months. He recognised that the Shop Floor elected delegates would be responsible for Policy Making and must be available for joint consultation on any Management problems. He proposed that Management would function as normal Management would, with weekly meetings of full Council." The minutes of the meeting then record how each shop floor representative in turn, went through the duties he had responsibility for and passed on any outstanding tasks to the respective management executive present. Having formally handed over control of day-to-day management to the general manager and his staff the Council retained responsibility simply for staff selection, general finance and plant. The willingness and ease with which the shop floor representatives, who for a year had handled almost all the administrative work at the SDN, seemed prepared to give up their direct control and involvement was remarkable.

But the transfer of power was not as smooth or as complete as Eric Tough intended. Council members found that their previous duties business and political engagements made long before, pulled them back into

the commercial affairs of the SDN. After working in the casercom for the first couple of weeks, Allister Mackie tired of trying to do two demanding jobs at once, and took up the position of chairman full-time, supposedly just for three months to clear the backlog of administrative work, but in fact, for as long as he remained chairman of the SDN. (Less defensibly, Allister Blyth occupied himself with organizing SDN competitions, when this could easily have been done by one of the management staff.) More significantly, there was a profound reluctance among the politically aware shopfloor members of Council to handover their creation to management control. They distrusted management: in the past they felt Beaverbrook's management had exploited them, and then abandoned them, and they were determined not to put themselves in a position where this could happen again. They realised the need for the exercise of managerial technical skills in the SDN administration, but were not prepared to accept this as legitimation of the power of management to make decisions so well as implement them. Later the general manager was to complain frequently that the Council was constantly assuming managerial responsibilities, even over minor matters: this was caused by the fact that due to the shortage of funds even small decisions could have serious consequences,

and also by the realisation that it was difficult to separate in practice strategic from day-to-day decision making, since the latter decisions tend to constrain policy decisions. Certainly the SDN workers regarded that influence over daily management decisions was the first proof of workers' control.

Furious at being consistently overruled by the shopfloor members of Council on what he felt to be 'commercial matters', particularly at what he thought was the left-wing bias of the paper which he said was upsetting advertisers, Eric Touch was never enamoured to the idea of workers self-management. Though Tough worked efficiently and unrelentlessly for the success of the business he was general manager of, he later revealed the extent of his patronising opposition to the existing control structure:

"The domination of workers on the Executive Council is one of the things I would like to have tried to change if we had been able to get round to matters like that. I saw a huge educational programme that had to be done before these guys would get away from the emotive idea of workers control. We might have aspired to that after a year or two, with them learning the nuts and bolts of running a business. But to expect them to make viable commercial decisions straight away was an awful lot to hope for.

The Action Committee said often - they said it to me, they said it in the prospectus - 'Oh, no, we won't interfere with management, we'll fix policy and we'll leave management to run the day-to-day business!' What they never attempted to find out in their own minds was how they separated out policy from day-to-day business. And in fact everything became policy. The price of the pies, the design of notepaper, everything..... They never got past the stage of thinking and acting like an Action Committee: it's what I called the 'wooden hut syndrome' (the wooden hut occupied by the Action Committee during the thirteen-month struggle to raise money for the newspaper). The trouble was that the

Action Committee who had worked so hard over all that time to keep the thing going were one kind of person, and they did that job terribly well. It was just possible they were quite the wrong people to go on and run the company. Initially the six worker directors were just six of the Action Committee. That was another emotive decision. The workers said, 'Well, they've done so much to keep the thing going we can't leave them out now. But they should have.

The people who had run the campaign had been living, eating and sleeping in that hut. They could meet whenever they wanted, and they did.

But they carried the same thing over into the newspaper world: they still practically lived in the building so they could - and did - meet five times a day, reversing decisions taken earlier in the day, making it impossible for the managers to get on with the job. They'd say to me over and over again, 'O.K, well look after policy, you look after day-to-day management!' But if you take away ordering newsprint, ordering letterheads, deciding the layout of the ledger books, hiring a competitions manager, fixing salaries, what the hell is day-to-day running? What's left for me to do?

If only, you see, they had gone for the middle road, for worker participation with a policy making body equally representing workers and management, then the two sides could have gone off to implement policy through their respective - and entirely different - skills. What the SDN failed completely to do was let the professionals get on with implementing their part of agreed policy. As Allister Mackie said: 'We distrust anyone in a suit and white collar'". (McKay and Barr, 1976, pp 91-2). (My emphasis).

In suggesting that the workers should have abandoned their leaders, Tough was also suggesting that the SDN should abandon the ideals of class struggle which had motivated the leaders of the co-operative in the first place, and thoroughly immerse themselves in 'commercial realities.' What undoubtedly would have resulted would have been a conservative

newspaper with a conventional managerial hierarchy. (Yet in response to the editorial weaknesses of the newspaper even Allister Mackie slipped into similar arguments as Tough: "The editor's chosen executives were not experienced in their roles, and were selected more by their contribution to the struggle to create the paper, than by their individual talents. What was most of all required was an editor who had not been part of the struggle and who therefore could be objective about his promotions." (Mackie 1976, p 134).

Tough's desire for the replacement of shopfloor representatives on Council by those who would take a "commercial view" were soon to be achieved, though not in the way he would have chosen. The SDN company Scottish News Enterprises Ltd had been formed early in the struggle in 1974, and the AGM of the company was due on 4 June 1975. This meant at the height of the post-launch crises all of the elected members of the Works Council had to offer themselves for re-election. The combination of the insistent market pressures which were forcing in upon the co-operative, the critical disagreements between the shopfloor representatives on Council and the editor and general manager, and the ominous warnings and compelling demands of Robert Maxwell, together eliminated the possibility of the survival of shopfloor activists in the hands of a frightened workforce. In retrospect many of those who were actively engaged in the creation of the workers co-operative, were to regard its life as the bare two months of April and May, when shop floor representatives were in responsible control of the enterprise, before Maxwell and his supporters became ascendant.

CO-OPERATIVE ORGANIZATION AND CONTROLThe Co-operative Structure

Allister Mackie, the principal idealist behind the design of the SDN co-operative, once explained in glowing terms the unique position that he, as worker chairman, and the other worker directors, enjoyed in the authority structure:

"We are a part of the work force and in this sense we are identified as workers. I mean we're in a very strange position actually: I as a compositor, am answerable to my foreman, who is answerable to the production manager, who is answerable to Mr. Tough as the general manager, who is answerable to myself, as chairman, and the Works Council. So instead of having a horizontal or vertical structure, our whole relationship works within a circle, if you can appreciate it. It is totally revolutionary, but it's beautiful." (BBC2, 10 November 1975).

How circular the authority structure effectively was, remains to be examined, but even Eric Tough, the battle hardened management consultant of several hundred assignments, whatever his misgivings about the idea of workers control, could recognise significant potential in the co-operative structure:

"Here the directors are the workforce, so they take decisions both as workforce and as directors, and therefore as a true co-operative where the workers run the form of policy, and the workers share profits and losses It works extremely well, my first reaction on being asked to do this job was one of great doubt. I thought about it for a while, and it occurred to me that this kind of structure could have many applications. I'm not saying that every single company should become a co-operative, clearly if a company is running well and making profits and everyone is happy it should be left that way. But in the situation

where there's been prolonged confrontation with no apparent progress at all with both sides so deeply dug in and nothing's moving then I think that this sort of structure could solve the problem almost overnight." (BBC2, 10 November 1975).

The governing bodies of the SDN company, Scottish News Enterprises Limited, were the Works Council and Investors Council. The Works Council had the official title of Executive Council, which shopfloor members were reluctant to use, and was composed as following:

Executive Council

i) The general manager and editor ex officio
 ii) Two members appointed by the investors council from their own number
 iii) Six directors elected by the workforce in the annual general meeting.

All six worker directors selected by the action committee were to stand for re-election at the first AGM on 4 June 1975. Subsequently, shop floor representatives would be elected for a three year period, two retiring annually though available for re-election, in order to provide continuity on the Council. Shopfloor workers regarded it as of paramount importance that they had a built-in 6-4 majority on the Council, which they felt guaranteed their ultimate control. In the original submission to the DoI it stated that the chairman of the Council who had a casting vote, should be "nominated by the six directors appointed by the holders of the employee shares, from their own number", though this clause was later dropped. (SNE, 1974, p 24). The Council enjoyed wide executive powers: "The Executive Council has complete control over the management of the company subject only to the express powers reserved to the investors council...." (SNE, 1975,p6). The SDN prospectus and articles of association did not pursue the relation of the editor and general manager to the Council, though a discussion document attempted to define this area of potential conflict more closely:

"The Works Council will be the executive authority of the newspaper. It will deal with all matters relating to the newspaper and all executives of the company will be answerable to the Council. It is intended that the day-to-day running of the paper will be left to the General Manager and his staff. The function of the Works Council will be to decide on policy, e.g. staff selection, re-planting, areas of finance, etc; but not on administration ... The running of the paper will be left to the General Manager and the Editor; the Works Council's role will be to decide on general and long-term policy. The Editor will assume a traditional role; but his freedom will be exercised within the bounds of the policy of the newspaper as outlined The Council will appoint top management. Staffing appointments other than those mentioned, such as overseers will be made by the General manager, subject to approval by the Council. Members of the Council will not be office bearers in their chapels, but will be expected to be active members in them. The Council will regularly report to the members on their activities by way of a news sheet." (SDN, DD, 1975).

The Investors Council was designed to protect the financial interests of the wider shareholders who had only a minority representation on the Executive Council, and was composed thus:

Investors Council

- i) The general manager of the company ex officio
- ii) Two members appointed by the Executive Council from their own number
- iii) Five members appointed by the holders of the ordinary shares

The functions of the Investors Council were to appoint two directors to the Executive Council, to report to the ordinary shareholders, and to exercise a power of veto, if considered desirable, over decisions of the Executive Council which would have the following effect:

- a) raising of capital beyond 25% of the existing capital
- b) issuing shares having a nominal value in excess of 25% of the nominal amount of capital of the company already in issue
- c) reducing the dividend payable to the shareholders of the company in any financial year below a figure representing 40% of the profit available for distribution by the company in the preceding financial year
- d) diversifying the company to a material extent in business other than that of proprietors, publishers, printers and editors of newspapers, periodicals and magazines (SNE, 1975, p15).

In the event, the Investors Council remained a nominal body which met infrequently and made no important decisions: there was no chance of the SDN raising the loans which had been consistently refused by commercial institutions before, beyond the meagre funds it had already; another share issue was out of the question; the SDN never made any profit to pay dividends on (though in the remote circumstance of this occurring, SDN workers would have felt a deep resentment at paying a large dividend to Beaverbrook); finally, the prospect of the SDN diversifying into other activities, within or beyond publishing, was firmly precluded by its severe shortage of cash and other resources.

The share capital of SNE was divided into ordinary shares and employee shares, both of £1 each. The rights attached to the shares were as follows:

1) Ordinary Shares

- a) The only shares in the company to pay dividends
- b) In the event of winding up the first shares entitled to receive from the funds available after the payment of debts, and before the holders of employee shares.
- c) To vote in the appointment of the five members of the Investors Council
- d) Except in respect of a resolution to remove a director nominated

by the investors council, or to remove the auditors of the company, the holders of ordinary shares will have no voting rights in the general meeting of the company. No resolution may be passed by the holders of the employee shares altering the rights attaching to the ordinary shares without the prior approval in writing of the holders of a majority of the ordinary shares.

e) There are no restrictions on the transfer of ordinary shares.

ii) Employee Shares

a) It is intended that each employee of the company will hold 100 employee shares in the company. All new employees (excluding persons engaged in a particular category of employment which the directors exclude from this requirement) shall be required to purchase from a trust 100 such shares at par on entering the employment of the company.

b) On ceasing employment with the company the shares will revert to the trust and the trustees will repay to the former employee a sum representing the par value of the shares.

c) The employee shares will not carry any right to dividends out of the profits of the company.

d) The holders of the employee shares will be the only persons entitled to vote in the general meeting of the company.

e) The employee shares will carry no dividend rights, will have deferred rights on the liquidation of the company, and will attract no capital appreciation in the period during which they are held. (SNE, 1975,p14)
Recognising that new workers might not have £100 to buy their employee shares, the company arranged to deduct this over the first year from wages, though the individual would be entitled to hold the shares immediately to allow him or her to have full voting rights in the company. Since some of the clerical workers were paid as little as £35 per week, this £100 represented a substantial commitment amounting to almost three weeks wages.

Moreover ex-Beaverbrook employees who received redundancy payments were expected to purchase at least £300 of ordinary shares as well from the money they had deposited in the trust fund, as the prospectus maintained, "This obviously constitutes a substantial part of the savings and assets of many of the employees involved. As far as the Executive Council is aware, the above represents a radical departure from traditional methods of capital financing and is evidence of the commitment of the employees to the success of the Company." (SNE,1975,p.7).

The SDN workers in a progressively developing dilemma, were to discover all of the disadvantages of being bound to a company not only through dependence on a wage, but because their small savings were deposited there, and they were to find no benefit in this arrangement for themselves.

The composition of the loans and share capital of SNE at the close of the prospectus on 28 March 1975 is listed in Table 10. The most staggering feature of the sources of capital is the tiny percentage the of/total - 4.4% - which Robert Maxwell actually contributed with his £114,000 to the establishment of the SDN. The media constantly gave the impression, which Maxwell was happy to reinforce, that he was the major financial backer of the SDN, but the DoI, Beaverbrook, the SDN workers themselves, and the public and unions, contributed 95.6% of SDN funds. Yet it was on the basis of that 4.4% which Maxwell extracted his demands on the final day of the prospectus, and was treated by the SDN workers in search of their dream of a new newspaper, as, "The one man who could create that reality", in the unforgiveable phrase of McKay and Barr (1976,p.4). Furthermore it was on the basis of his 4.4% stake that Maxwell was to launch his successful campaign to become the chief executive of the SDN. Maxwell was to give an object lesson in how an executive with a minority shareholding can readily control a company if the major shareholders are relatively passive. In this respect the restraint of Beaverbrook is interesting, (though they had already secured the one

TABLE 10

Sources of SNE Capital As At 28 March 1975.

		<u>Percentage of Total Share Capital</u>	<u>Percentage of Total Capital</u>
LOANS			
Department of Industry	£1,200,000		47%
Beaverbrook Limited	£ 725,000		28.4%
SHARES			
Employee Shares	£ 33,600	5.4%	1.4%
Ordinary Shares:			
Workers	£ 201,000	32.2%	7.9%
Beaverbrook Limited	£ 141,075	22.6%	5.5%
Public and Unions	£ 125,325	20.0%	5.0%
R.Maxwell	£ 114,000	18.2%	4.4%
R.Agnew	£ 10,000	1.6%	0.4%
	<hr/>	<hr/>	<hr/>
TOTAL CAPITAL RAISED	£2,550,000	100%	100%
	<hr/>	<hr/>	<hr/>

Settlement

Purchase Price of Building	£1,600,000
Cash Balance on Entry to Building	£ 950,000
	<hr/>

(Source: Derived from: SNE, General Managers Report No. 1, 21 May 1975).

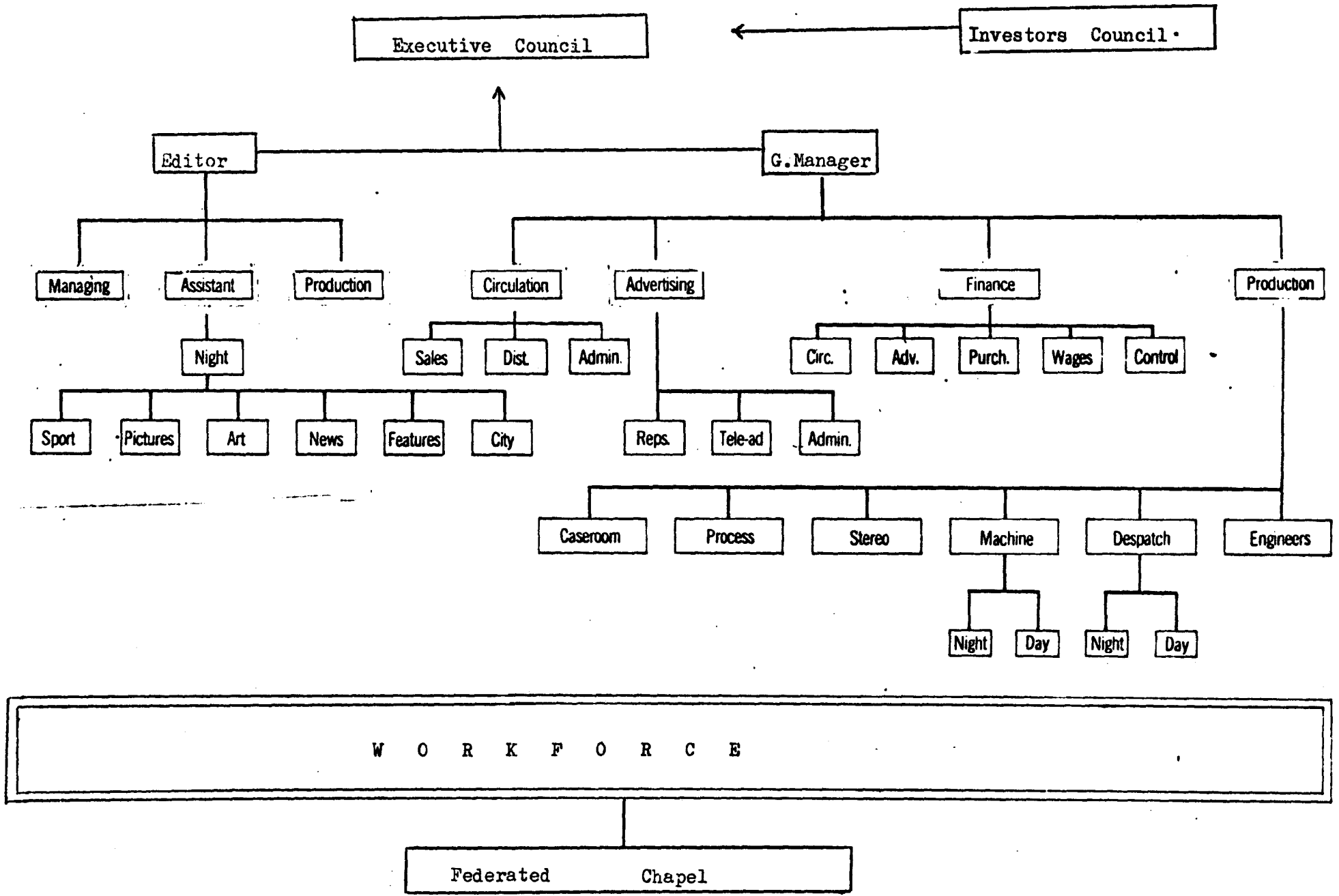
million pounds plus which they hoped for from the sale of the Albion Street site): at no point did they attempt to interfere in the internal affairs of the SDN through the investors council as a shareholder to defend the large loans they had made, and presumably Beaverbrook had more or less written off their £500,000 unsecured loan from the start. However in the unlikely event of the SDN prospering at the expense of the Express, there was a clause in the unsecured loan agreement which allowed the loan to be converted into SDN shares at the rate of £2 per share; if Beaverbrook had converted all the loan to shares it would have been in a strong position to take over the investors council and therefore control the financial future of the SDN: it would have been the ultimate irony, if due to the success of the co-operative set up because of the Beaverbrook closure, the SDN found itself controlled once more by Beaverbrook ! (SNE, 1975,p.8).

Apart from the governing bodies and novel share structure, the SDN company was designed along conventional lines. Table 11 shows the orthodox management and departmental structure of the SDN. Senior, middle and first line management presided over the division of labour into the editorial, clerical and manual tasks normally found in the newspaper industry. Once this structure began to solidify, with traditional hierarchical authority relations and restricted job tasks, there was little scope for active involvement of shopfloor workers in the general decision making at the SDN. The shopfloor members of the Executive Council were to attend to the interests of the workforce in their representative capacity, but little thought was given to how the Council members would connect with and inform their shopfloor constituencies. It was proposed that SDN "members meetings will be held quarterly or more often as required to keep everyone informed and everyone involved"; but although mass meetings took place more frequently, in fact every few weeks on an intermittent basis in response to rapidly changing events and crises, the workers remained inadequately informed and the meetings, in the way they were

GOVERNING BODIES

SENIOR MANAGEMENT

DEPARTMENTS



Source: Derived from SDN Documents

arranged
/did not prove a sufficient means for constructive involvement.

Intermediate bodies between the Council and the shop floor were necessary to disseminate information and allow effective participation in decisions, but the existence of a conventional management precluded this.

The trade union chapels at the SDN never achieved the central role that they may have expected in a workers enterprise. There was not a close working relationship between the shop floor Council members and the chapels, and as the problems of the SDN developed, distrust grew. Allister Mackie was aware of the nature of the problem early in the co-operative's life, in June he said, "The Works Council would like to meet the workers regularly every six weeks to try to keep up a constant flow of communication. So far we have not succeeded in this, and we have no formal procedure yet. This has not been deliberate, but we have not got around to it. We tell the FOCs everything, but they don't communicate back to the workforce in the chapels." In particular there was a rift between the more radical Council members and the chapels with traditional, and often reactionary, inclinations such as the Scottish Graphical Association. However the chapels which supported the shopfloor council members, particularly the engineers and APEX, were in a slight majority on the federated chapel. Potentially the federated chapel could have been the arena in which important questions were debated with the Council members and decided upon, but though union activists pressed for this, it never actually happened. Instead the federated chapel despite the rhetoric concerning its importance, was confined to a traditional, restricted role:

FOCs Committee

"The role of this body will be vital. It will be to discuss working conditions; safety and health; production improvements (subject to union co-operation); discussion of individual chapel grievances, functioning as part of the disputes procedure; pensions; sick scheme; liaison between Works Council and workforce. A member of the Works Council will

be available to be in attendance if requested, at all meetings of the FOCs, to report to the FOCs on Council decisions. Meetings will be held regularly at a time suitable to all FOCs.

Chapels making approaches to the works council on any issue will do so through the FOCs committee. The approach eventually will be a joint one between the chapel concerned and the FOCs Committee and, if required, the appropriate union official. When a chapel seeks to negotiate an internal improvement, the approach initially will be made to the department overseer. Assuming the overseer agrees with the proposal, the chapel will then process the proposal through the FOCs Committee. In the event of the overseer not agreeing to the proposal, the chapel may then invoke the Disputes Procedure." (SDN, DD, 1975)

The critical democratic weakness of the SDN, in both co-operative and trade union terms, was the lack of any facility for the active involvement of ordinary rank and file members, so that they could be fully informed about and exert control over major decisions. This shopfloor passivity was a legacy of the past in that capitalist management discourage any active shopfloor involvement in decision making; and the normal pattern of trade union organization is an active shop steward bureaucracy and a largely inert rank and file. Moreover during the year of unemployment, there was an opportunity to break with the tradition which was not taken; the Action Committee assumed the responsible decision making role and the workers participation was constrained to occasional mass meetings. The problem for the Action Committee and later Works Council members was that they considered many of the SDN workers to be politically beyond redemption; the workers exhibited little socialist or trade union consciousness and seemingly were overwhelmed in their vulnerable position, by misconceived self-interest. But these weaknesses in the workforce may have been more effectively overcome by a concerted campaign of education and involvement, rather than by adopting a paternalistic approach combined with a manipulative restriction of sensitive information. Robert Maxwell was

quick to identify the split between the SDN workers and their representatives on Council and the federated chapel; it was a simple matter for someone with his overwhelming powers of persuasion to widen the gap, isolating the two groups of workers and leaving himself in command.

The Struggle for Control of The Council.

The Annual General Meeting.

The crisis which determined the ultimate end of the co-operative occurred early in the newspaper's life.

In the first month of full operation it became clear that the Works Council was effectively in control of the SDN, and since shop floor representatives were in a majority on the Council, it was they who made the important decisions, to the frustration of the general manager and the fury of Robert Maxwell. However the shopfloor members of Council had to submit themselves for re-election at the Annual General Meeting (AGM) of Scottish News Enterprises on 4 June 1975, and there were grave doubts whether the conservative workforce would continue to support them. Ronnie Gibson the APEX FOC argued, "The original six shopfloor reps on the Works Council were elected by the 17 man Action Committee, the workforce probably wouldn't have elected five of them." The most vulnerable were the group around Allister Mackie who most actively opposed Robert Maxwell and defended the powers of Council: James Russell, the astute financial journalist; harlie Armstrong a hard-headed and impressive member of the NGA, who was the only member of Council who could stand toe-to-toe with Maxwell and swap aggression; and Jimmy McNamara of the AUEW, who had struggled indefatigably to achieve the trade union acceptance of the SDN. In attacking the Council, Maxwell frequently directed his fierce criticisms at these individuals, who had worked so hard to establish the co-operative. As John Hodgeman put it :

"The main recipients of the torrents of abuse among the directors (apart from Mackie) were financial journalist Jim Russell, whose economic insight of the firm's affairs led him to suspect Maxwell; Charlie Armstrong, a stereotyper, who frequently and earthily expressed his distaste for Maxwell; and Jimmy McNamara, an engineer whose practical communistic philosophy did not endear him to the man who insisted on calling all and sundry 'brother'."

There was a feeling among some of the more conservative workers that "the works council should have handed over to the experts by now", which would have inclined these workers to the more management oriented candidates, but the bizzare proceedings at the AGM could never have taken place without Robert Maxwell's startling intervention.

At a meeting of the Works Council an hour before the AGM was to commence on the morning of the 4 June, Maxwell took the opportunity to make the demands once more that the paper should be relaunched on a 24 hour basis, or that a separate Glasgow evening paper should be launched. When he was once again rebuffed, Maxwell resigned from his co-chairmanship of the SDN and from the Council. The resignation may have impressed the other Council members more if it had not occurred at 9.30 a.m, when it was understood from the articles of association of the company that resignation and re-election to the Council was necessary anyway at the AGM at 10 a.m, and that the Chairman would be elected by the new Council. But Maxwell's actions then astonished the Council members. He marched to the AGM, and at the entrance demanded his employee shares, which were refused. Maxwell had tried in the past to obtain employee shares, without success since although he was a director of the company he was not officially employed by the SDN. On the front page of the SNE prospectus it stated quite clearly that, "The Employee Shares ... alone entitle the holders to attend and vote at general meetings of the Company", and refers to the articles of association, where it states "The holders of the Employee Shares will be the only persons entitled to vote in General Meeting." (SNE, 1975, p.1,14). Therefore Maxwell had no right to be at the AGM,

let alone to dominate the platform as he proceeded to do.

The meeting was a constitutional disaster, Charlie Armstrong explained:

"Allister Mackie did not get out his first sentence which he began, 'It has always been considered essential that the Works Councillors should be shopfloor representatives' when Blyth, who had been primed by Maxwell, called 'Point of Order', and said that this was not in the articles of association which merely stated that Works Councillors had to be elected by the shopfloor." Charlie Armstrong was appalled at this intervention, he explained, "The irony was that there had been long emotional debates on the Action Committee as to whether Works Councillors should be shopfloor representatives. Blyth and Goldberg insisted that this should be the case, but me and Mackie argued that management and editorial staff had the right to be represented on a one man one vote basis."

Having seized control of the business of the meeting, Maxwell announced that he was prepared to stand as a shopfloor representative on Council, whereupon he was promptly nominated. Mackie and other members of the Council angrily protested that "a shopfloor representative should be a shopfloor worker" and that nominations had closed, but they were overruled. The result was that there were 13 nominations for the 6 shopfloor workers seats on Council, including Maxwell, the assistant editor Nathan Goldberg, the advertising manager and circulation manager. Maxwell bombarded the meeting with rhetoric, "he accused the Works Council of mismanagement and declared that the situation could be remedied only by his being involved in the company as a shopfloor member of the Council. The meeting was constantly interrupted and its business disrupted by points of procedure and by Maxwell openly disputing the lawyers interpretation of the Companies Act." (Mackie, 1976, p.133). "Maxwell told them frequently, forcefully, and convincingly, that he and he alone could save the enterprise." (McKay and Barr, 1976, p.114).

Barely a third of the SDN workers attended the AGM, many were on duty or at home after the night shift. There had been little preparation for the meeting due to pressure of work during the first month; the FOCs had agreed to support the existing Council members at the AGM, but the NUJ FOC did not even attend. The democratic conduct of the AGM was not expedited by a complicated multiple voting procedure which few properly understood. Jimmy McNamara stoically recalled the sorry affair:

"I'm being critical of absolutely nobody, when I say that Maxwell took control, literally took control of that meeting. He ended up telling the workers - 'this is the way you do it.' He made the lawyers look fools, he made the workers look fools, he made the Works Council look fools. This was the background to it. There was only a minority of voters, 180 at the meeting out of 500 workers, and proxies were nae pursued. There was an awful lot of work wasnae done by the Works Council, we were so naive. The legal voting procedure was strange, because we were all trade unionists from the shopfloor, and we'd never seen the legal set-up and legal jargon before. And when it was said, 'This is how it must be done, you vote for and against, they retire, and then the next nominations and you vote for and against...' the workers were confused. Maxwell wasnae confused. All the Xs went down against X for Maxwell, he made sure of that. I think the vote was confused because we wasnae used to the legal procedures But there are occasions when leaving it to professionals doesn't work either. Because the lawyers didnae know anything more than us, they were experts in law, but they were nae experts in workers co-operatives, or what we were doing anymore than we were Maxwell agreed at a Council meeting that he couldn't possibly represent the shopfloor. Nobody believed him, and when we went into the mass meeting we were proved correct. Och, morally he couldnae stand as a workers representative, but come to the point he did. It was beautifully done, you've got to hand it to him he's a master, I sat and

I smiled because I was watchin a master at work the way he manoeuvred. Sad at the end of the day, but"

Charlie Armstrong reacted more passionately as he watched the rapid disintegration of the workers co-operative they had laboured so long to create:

"At this meeting Maxwell seized control of the microphone and of the proceedings. He refused to allow the lawyers present to intervene. On the first vote Jimmy McNamara was thrown off the Works Council. We'd previously agreed that if anyone was not re-elected onto the Works Council, after 14 months hard work on the Action Committee, we'd all resign in sympathy and let them stew in it. I asked one of the lawyers present, and he said the way the meeting was being conducted was unconstitutional. So I turned to Mackie when McNamara was voted out and said 'that's it, lets call the whole thing off and have another meeting later, Maxwell's obviously done his pressurizing, we'd better do some ourselves.' But Mackie wouldn't have it. That's the problem with the Labour Party, they're all survivors. If they can they'd rather just survive than fight. Mackie let it carry on and was elected himself. Mackie badly let down McNamara who had supported him tooth and nail for 14 months, who had given everything he had to the co-operative ideal."

The result of the ballot was that Mackie and Blyth were safely elected, Lindsay and Russell had comfortable majorities, Nathan Goldberg, with Blyth the principal Maxwell supporter, knocked out Charlie Armstrong, and finally Robert Maxwell knocked out Jimmy McNamara, though he scraped home last with a majority of seven votes, after a recount, and a net total of 68 votes out of a potential 500. The general manager, editor, and two outside shareholders were already ex officio members of the Council, thus the six to four majority of shopfloor representatives neatly had been reversed to a six to four majority of investor and management representatives.

As far as many activists involved in the SDN were concerned, this heralded the end of the co-operative, and Charlie Armstrong decided to immediately submit his resignation from the newspaper in protest:

"On 4 June at the AGM Mr. Maxwell regained an executive position in the company and I left it. Because, quite frankly, there's no way Mr. Maxwell can work as part of a group, collective responsibility means absolutely nothing to him. So I decided rather than work for Robert Maxwell I would leave the company. People go for the Maxwells of this world, because they see him as a success, and they forget what the struggle was all about was for a workers co-operative newspaper. And they're prepared to throw all that out of the window for the sake of employment. Not that I blame them, because I said when I left - I'm in a position being a bachelor, I've got no commitments, I can put the workers co-operative before anything else. whereas they must put their wives and families and full employment before anything else." (BBC2, 10 November 1975).

Charlie Armstrong had striven unceasingly for 14 months to help set up the co-operative, while living on the dole, at enormous personal sacrifice, "I lost my car, I lost my flat, I lost my girlfriend...." Yet within a month of the launch of the paper, he resigned rather than work for Maxwell who he felt had taken over control of the co-operative. In contrast to Maxwell's mock resignation of that day, which at worse would have necessitated another sojourn at Headington Hill Hall in Oxford, Armstrong faced another long bout of unemployment in depressed Glasgow. To alienate so completely one of the most devoted supporters of the SDN, at such an early stage, must stand as a lasting indictment of Maxwell's role in the affair. But Armstrong, if anything, was even more distressed about the treatment of Jimmy McNamara:

"Maxwell never put a penny into the SDN until 28 March. McNamara raised £5,000 for the fighting fund and £5,000 investment for the SDN from engineering factories, UCS and other shipyards. He used his influence, and gave his word the paper was under workers control. Yet he was thrown off the Council because 'he's a communist'. The weakness we faced up to from the word 'go' was the workforce. They're rejecting the guys who fought to get this newspaper going in favour of an old boss."

Jimmy McNamara, secure in the knowledge that he enjoyed the solid support of the engineers chapel, was determined to fight on to salvage the SDN for the labour movement:

"Charlie's so disgusted, Charlie's leavin. But I think we've a duty not to create a monster, and a paper run by Maxwell is a monster. No way does trade union money - and thats where we got most of the money, off the workers on the shopfloor, and off our own workers - go to make a newspaper for him. People throw the question at you, 'You worked for Beaverbrook, whats the difference, why won't you work for Maxwell?' There's a big difference, I'll tell you what the difference is:

One: I didna help to create Beaverbrook

Two: I didnae encourage the trade unions to pay money to help set up Beaverbrook and promise them it would help them

Three: I didnae pay £700 for a job off Beaverbrook

Four: I didnae help to run Beaverbrook."

The active trade unionists at the SDN were distraught at what they had witnessed, John Hodgeman of the NUJ said:

"To me the frightening aspect of Maxwell's election was that he got on to the Works Council directly as a workers representative. This meant that the constitution of the co-operative had been effectively destroyed since it laid down originally that six out of the ten directors must be

elected directly from the shop floor, and Maxwell, of course, was not a worker. As an ordinary member of the workforce, I could see absolutely no worth that Maxwell brought to the firm. He continued a campaign of villification against Mackie, Russell and Tough, referring to them as 'incompetents' and saying that he could not co-exist with them. At two mass meetings in the next month after the AGM, he made it quite clear to the workforce - that they had the choice of following Mackie and his supporters, or of going the way of Maxwell Now he's managed to get himself elected as a shopfloor representative, my immediate reaction was to resign. I left the Daily Record which - which although it operates in the normal capitalist set-up, has a very progressive management for the newspaper industry. And I came here for us to have say, to have participation, to have workers control. And there's no way I'm going to stay with it if I'm going back to a situation that is worse than the Daily Record. There's no way I can get my job back with the Daily Record. But y'know if the nice weather continues I'd rather dig roads than work for Maxwell."

At the investors meeting following the AGM, Maxwell stood for the Investors Council, was elected, and consolidated his position at the SDN. But the press conference he called immediately after was not as triumphant as he may have imagined since Mackie was there to disabuse him of the notion that he was still co-chairman, to the satisfaction of the assembled press people:

"Mr. Maxwell whose executive powers and title of publisher have already been removed by the Executive Council, told the Press conference he assumed that he would remain co-chairman if re-elected. But Mr. Mackie sitting beside him, said he understood the publisher had resigned as co-chairman and could only be re-elected by the executive council."

(Scotsman, 5 June 1975). Despite Maxwell's threat that after removing McNamara and Armstrong from the Council, Mackie was next, the subsequent Council meeting re-elected Mackie as chairman, and refused to give Maxwell

either executive powers or restore his co-chairmanship. When the spectre of Maxwell holding two seats on the Councils through his membership of the Investors Council was raised, the engineers at the SDN threatened immediate strike action which brought a quick denial from Blyth and Goldberg and prompted another story in Private Eye. (13 June 1975). The commercial and editorial problems of the SDN were being greatly amplified in the external media because of the scandal involved in Maxwell's conflict with the Works Council, at the same time as any effort to tackle these problems internally was being sabotaged, as the Scotsman accurately perceived in the conduct of the AGM, "any discussion and decisions that the meeting might have had to try to right the situation were swiftly forgotten as interest centred on Mr. Maxwell's manoeuvres". (5 June 1975).

"The workers are guaranteed permanent control of the company and need have no fears ever of losing control", the SDN special edition confidently announced to the TUC in September 1974. When they had recovered from the shock of what had happened the trade union activists at SDN, who had collected thousands of pounds from the labour movement on the assurance that the enterprise was to be run under workers control, felt severely compromised, Charlie Armstrong said:

"I addressed Fleet Street, Rolls Royce, and other big factories, and they all asked the same question 'What about Robert Maxwell?' I said, 'There's no way he can get control'. I didn't think of our own workforce - that they would elect him! The Glasgow branch secretary of the NGA is on the national executive. I promised him seven weeks ago that I would resign if Maxwell got control. He rang up after the AGM and said, 'Well, what are you going to do?' I said 'I'm going to resign.'" Jimmy McNamara, after a lifetime of fighting oppressive employers, was amazed at what the SDN workers had done:

"We went out and we assured all those workers that we got money off,

that no way could Maxwell take control, which was correct, he couldna take control. But I never dreamed for a minute that the workers would give him control."

A lot of emphasis in the explanation of this political disaster has been placed on the problems of the democratic structure of the SDN: that the co-operative, in the poor timing of the AGM so soon after the launch, "crippled ourselves in observance of the law" as Mackie put it; that the articles of association should have read that employee representation be elected "by and from" the workers, instead of simply "by" the workers; and finally, that the democratic procedure itself was an inherent source of weakness, as McKay and Barr argue "paradoxically, the very democratic structure of the enterprise was Maxwell's strongest card. With the 4 June election result to reassure him, Maxwell knew that he could go directly to the workforce through the device of mass meetings and, by presenting the issue in stark terms, guarantee himself a majority of supporters at the meeting." (1976, p 116). But the basic reason Maxwell was able to exploit these constitutional arrangements so effectively to his own advantage was the fundamental lack of political consciousness and organization among the SDN workers themselves. One approach would have been to provide more powerful leadership, Charlie Armstrong was a convincing advocate of this:

"Allister Mackie is too democratic. If the workforce were not educated enough to know what was happening, we should have forced them to realise. The Council should have resigned and put it to a vote but Mackie compromised Mackie was convenor for 9 years, but he was never militant. He always had to be pushed from below. The FOCs or shopfloor used to take action and then he would be brought in, he very rarely led the disputes. Mackie had to be pushed to fight Maxwell. Once I condemned him for what was happening. Later Maxwell joined the meeting

and Mackie really let him have it. He told him 'Why didn't he take his money and go, that he was a disgrace to the Labour Party, that he'd be better off in the National Front'. Maxwell, as always, just laughed."

Mackie was the most unlikely adversary imaginable for the loud, tough, and continual pugnacity of Maxwell. Mackie was an idealist and romantic, an avid reader of Burns who lived in a small cottage in Lothian; soft spoken, warm and humane, he opposed Maxwell on moral grounds as much as political. Mackie was a pluralist who believed implicitly in the democratic process, as he put it "I am an ex domine leader - I take the consensus and then implement it." But Mackie was no match for the cunning of Maxwell who fully understood that 'democratic procedures' could be easily employed as a tool of manipulation as they could for gaining and responding to the informed and free expression of the will of a body of people.

However it is too easy to argue that Mackie and the other Council members should have hammered home constantly to the workforce the danger to the co-operative presented by Maxwell's ambitions, though they certainly could have done more to alert and educate the workforce. The fundamental weakness of the Works Council's position was that what they regarded as the gravest danger of all - that Maxwell would take over completely and run the paper as his own concern - was regarded by many of the workforce, misled by the potential security of Maxwell's millions, as quite an acceptable, and even a reassuring fate. This profound weakness in the political commitment of the SDN workers was present from the beginning and it was upon this that the layers of contradictions and the compromises inherent in the enterprise were built which were to ensure that imminently the co-operative would come crashing down. Whether a co-operative newspaper could function in a capitalist market system and remain true to its ideals, however strongly motivated, is doubtful.

What is certain is that with such a traditional workforce, and with the involvement of Robert Maxwell, the survival of the SDN as a co-operative was impossible. The sombre conclusion of McKay and Barr was that:

"The initial motivation - and the only motivation for most of the workforce - was saving jobs; the fact that the jobs were to be in a worker controlled enterprise was incidental ... leaving aside the matter of Robert Maxwell, therefore, the Scottish Daily News was very far from being a straightforward attempt by politically motivated idealists to create a model alternative to capitalist control of the means of production ... But the dichotomy between those who believed in the workers' co-operative as such, and those who saw the co-operative merely as a necessary expedient to preserving 500 jobs, meant that the project had the seeds of conflict in it from the start. The dichotomy showed at all stages of the project and in many ways - in Executive Council meetings, in editorial meetings, in the inconsistent content of the paper and in the bitter breakdown of relations within the workforce which several times threatened to flare into violence." (1976,pp 84-6).

The Second Maxwell Telex

After retreating to Oxford for ten days Maxwell chose to castigate the Council and offer another bold plan of action in a second 1,200 word telex addressed to Allister Mackie and the Council members. It began by complaining of the short notice given for the Council meeting of that day 13 June and insisted, "In view of the lack of proper notice I must ask you to accept that this is not a properly convened meeting and is therefore not empowered to transact any formal business." He complained that he had not been provided with sufficient circulation and advertising information and maintained:

"I warned you and the Council that if you did not allow me to play a full part as originally intended by us all, and you cannot find anybody else to take my place with my publishing and business talents and contacts, then there will be a failure of the launch strategy and our advertisement manager will not be able to get the necessary advertising support on his own. To this you replied 'We do not need your help. We can manage on our own and we must be allowed to make our own mistakes.' This rather cavalier decision is all right if you were dealing with your own money but totally wrong when you are dealing with public funds and you have the security of 500 jobs as your responsibility and when you knew that there was nobody else on the Executive Council with the necessary publishing and business talents to replace me."

Maxwell then produced his grand scheme for the recovery of the SDN:

"As promised, I hereby submit for consideration by the Council the following plan of action to save the paper and its 500 jobs:

- a) The supreme policy making body is the Executive Council which will meet regularly once a month and have special meetings when required to deal with major and important matters. The co-chairman and the general manager will implement the Executive Council's decisions and report back on the results.
- b) We resume the agreed and approved arrangement by both the Executive Council and our workforce namely that I as one of the co-chairman will be responsible under the control of the executive council for the commercial policies of the paper and you as the other co-chairman will be responsible for relations with our workforce, trade unions and shareholders.
- c) The general manager to have day-to-day operating control over the business referring major matters for decision to either of us or the Executive Council as appropriate. The editor to be in sole control of the editorial contents of the paper.

In order to increase immediately and dramatically our circulation we

should run a regular half page advertisement for the next 7 days inviting retired or unemployed teachers, trade unionists, and other professional people to become voluntary ambassadors of the SDN in their neighbourhood for the purpose of increasing on a sustained basis the sale of the paper in their locality and to do this under the control of our full-time circulation staff. We would offer to pay by way of expenses £5. per week to each volunteer. I am ready to provide the text of the advertisement, the terms of appointment of such voluntary agents, and to write a one page briefing instruction to them in co-operation with our distribution manager of how to do their job.

I am willing to take over immediate policy responsibility for increasing with the help of our advertisement manager and his staff the sale of advertising space, and I am confident that I can increase the sale of advertising space immediately and within the next 4-6 weeks by at least fifty per cent of its present volume and to 75% of this present level within ten weeks of being given the 'green light' by the Council to go ahead.

Jointly with the editor and all members of the Council and the editorial staff we will immediately relaunch the paper with a relaunch expenditure not to exceed £20,000 and to reduce the price of the paper to 5p under the slogan of 'The SDN helps to fight inflation by reducing its price to 5p'.

I am prepared to devote the bulk of my time for the next three months to SDN affairs in Glasgow, and hope that this will appeal to you and all our colleagues on the Executive Council not only as a real and positive step towards mending the rift that exists between us but much more important as a way to taking positive action to save our paper from extinction by slow death over the next six months or so.

Mr. Dallas and Mr. Tough should be able to confirm to you that our present losses are running at between £15/20,000 per week. This is one hell of a sum and far worse when compared to the report issued by Mr. Tough to our workforce. You do not need to be a financial genius to understand

our present rate of losses if allowed to continue will make our survival impossible.

I ask you again why should we not all work together to save the paper and to make it prosperous, the way we once did to get it launched? I am ready to do my part. Should not each and everyone of you be ready to do the same?

Regards and Best Wishes

Robert Maxwell."

After making allowances for the difficulties in coherence due to telex transmission, the bad grammar, use of slang, and poor logical sequence of Maxwell's communication seem to indicate that it was hurriedly written, or spoken, in a state of some excitement. It was widely interpreted at the SDN at the time as another crude attempt to reassert control over Mackie and the Council. But although its dire warnings may have been sufficient to add to the panic of the workforce, many of whom read it since there was free access to the telex machine as Maxwell was aware, the warnings and plans did not impress the majority of the Council who had already embarked on an emergency strategy to revive the paper. Moreover, even if the Council were inclined to, Maxwell's sketchily presented proposals could scarcely be considered a serious programme of action. The references to advertising were taken to be wild promises, and when Maxwell later was given the opportunity to carry out his advertising campaign, this opinion proved accurate.

Preparation For The Relaunch.

Having stumbled badly at the hurdle of the AGM, the SDN Council had to quickly discover some dramatic way to halt the gradual financial haemorrhaging of the newspaper. By 13 June circulation had levelled out at 145,000, advertising had reached a lower base, weekly losses were estimated at £15-18,000, and mere survival had become the immediate object.

Eric Tough pointed out "that even at 150,000 circulation we required only 3.25 pages of advertisements to meet fixed current costs. This was less than half the figure of 47% mentioned in the prospectus and was not so far above our current level of business as to make the achievement of break-even very difficult. With hard work we will succeed." (WCM, 13 June 1975). A series of competitions were arranged including cross the ball, and a car competition, and advertisements publicising these booked for radio and television. Also System Three Scotland, a firm of market researchers, were hired to carry out a readership audit. Finally the idea was raised of recruiting large numbers of housewives or members of the Supporters Club to sell advertising space to small retailers; together with loudspeaker vans and local promotion in holiday resorts. At this meeting, which was the first of the reconstituted Council, the trade union support for the paper was forgotten and only purely commercial competitive means of increasing circulation considered.

The following Council meeting on 18 June welcomed the two representatives of the Investors Council, William Bargh of the Co-operative Society, and James Milne, general-secretary-elect of the Scottish Trade Union Congress. (Other members of the Investors Council included William Wolfe, chairman of the Scottish National Party; Dennis Canavan, the West Stirlingshire Labour MP; and Robert Maxwell, (who announced at this meeting that he was standing down to retain his seat on the Executive Council. The articles of association stated clearly that with the exception of the two members of the Investors Council elected from the Executive Council, employees of the SDN were ineligible for the Investors Council. Mackie, as chairman, and Russell were elected to these positions at the Executive Council meeting of 13 June, therefore if Maxwell was to preserve his claim to be an employee of SDN he had to take the unusual step, for him, of standing down. However should the Investors Council assume any importance in the future, Maxwell at least had the power to veto any former employees being elected to it, since the articles allowed

any shareholder with more than 10% of the shares the power to do this). (SNE, 1975, p15). For the first time the full complement of new members were present; fortunately Allister Mackie was reinforced by the presence of Milne and Bargh, and a pattern of voting was established which endured for several meetings:

FOR	AGAINST
Allister Mackie	Robert Maxwell
James Russell	Alister Blyth
Jimmy Lindsay	Nathan Goldberg
Eric Tough	
Jimmy Milne	
William Bargh	

(Fred Sillito)

At first, therefore, there remained a clear majority for the Mackie camp, however, this was dependent on the presence of the outside directors, who were often absent, and the possibility was opened up, which Maxwell later exploited fully, for him to secure a majority vote at poorly attended meetings.

The business of this meeting, as with most of the other Council meetings which Maxwell attended, was largely taken up with matters he had raised himself. The complaint about inadequate notice

was repeated by Maxwell, and it was agreed that future meetings of the Council be held each Friday at 10.30 a.m though Jimmy Milne proposed 24 hours be deemed reasonable notice for additional meetings. Then followed a long and heated debate about the recent telex; relations with major distributors was raised, and the minutes record how "Mr Maxwell questioned the ability of anyone other than himself to arrange a meeting with the Chairman of Menzies Limited." Maxwell then put forward his proposals for an immediate relaunch with a 1p price reduction to 5p.

This was countered by Tough pointing out that the market research study was examining in detail the style and content of the paper with a view to modifications and would be completed by the end of July, when a more convincing relaunch might be possible. Stymied, Maxwell turned to another proposal "that he would like to publish, at his own risk and expense, an evening newspaper in Glasgow, operating on a tenant basis from the premises of the SDN at 195 Albion Street, Glasgow. He further advised that once the newspaper was established and economically viable he envisaged selling it, at cost, to Scottish News Enterprises Limited." The only conclusion that the Council reached on this was that there would have to be considerable study of the idea. Finally, Maxwell proposed that there should be regular monthly mass meetings convened under the auspices of the federated chapel, and Goldberg that the edited minutes of the Council should be circulated to the workforce. This sudden enthusiasm for the merits of mass involvement was a result of their recent success at the AGM, and realisation that similar results could be engineered at future meetings. How convincing was the conversion was revealed at the following Council meeting where Goldberg after repeating the request that edited council minutes be circulated to the workforce, asked "that Works Councillors not attend chapel meetings", which clearly would have destroyed whatever direct communication there was between the two bodies (WCM 2 July, 1975). (The erratic and often inconsistent behaviour of Goldberg and Blyth during these months can only be explained by their determined support for Maxwell in the ruthless Council in-fighting).

Despite the cumulatively deteriorating finances of the SDN during the month of July, steady progress was made towards the relaunch of the newspaper. One important reason for the comparative equanimity was the absence of Robert Maxwell, who missed the three consecutive Council meetings of that month despite the fact that more than a week's notice was given for the two later meetings. In fact, this was the typical pattern of Maxwell's activity at the SDN - long periods of up to a month of

absence, interspersed with bouts of intense activity during a few days attendance. The only reason he was able to keep a grip on events at SDN from Oxford, was that he had a handful of avid supporters, who were prepared to keep in constant telephone communication, and carry out most of his instructions. When Maxwell was away, a relative calm and purposefulness descended on the SDN, there was some friction (much of which was fuelled by Maxwell's proteges pursuing his policies in his absence), but there was little to compare with the almighty disputes and schisms that occurred as a direct consequence of Maxwell's arrival and interference.

At the meeting on 2 July various methods to improve performance were considered. However the price reduction suggested by Maxwell was quickly dealt with: a report prepared by Mackie showed that a reduction in price from 6p to 5p would cost almost £1,000 per day if no increase in circulation resulted, and conversely that an increase of 67,000 per day in circulation was needed to recover the current cost at the reduced price. None of the Councillors had any interest in taking the unnecessary risk. (WCM, 2 July 1975). However at the same meeting the far more sensible proposal to adjust advertising rates downwards in order to attract more business was accepted for consideration. On 11 July it was decided to establish two working parties, technical and editorial, to assess the feasibility of conversion to tabloid which the preliminary information from the market survey supported. Also at this meeting Jimmy Milne of the STUC maintained that "effort should be made to capitalise on the goodwill which was evident before the newspaper was launched. In this regard he believed conscientious promotion in factory areas would be valuable." The Council accepted "that a campaign to boost circulation in industrial areas should be conducted using established channels for circulation. It was agreed that the assistance of FOCs would be sought in contacting shop stewards asking them to encourage fellow union members to place orders for one month's subscription to the Scottish Daily News". Yet there

was little evidence of a committed campaign of this nature in the forthcoming months, though occasional reference was made to it. Finally, on 21 July 1975 the Council made the momentous decision to switch from broadsheet publication to tabloid, having made satisfactory test runs on the existing SDN equipment. It was confirmed that the tabloid would be launched on 18 August and trade and press releases were discussed with a director from Struthers Advertising agency who were to handle the publicity.

The press releases, stressing the relaunch as a commercial initiative in response to the market survey, did not have much impact on the way the story was handled:

"DAILY NEWS CHANGES TO MEET CRISIS"

"Facing a financial and circulation crisis, the government backed SDN is to be relaunched next month in small tabloid form, after just 11 weeks on the streets The major charge underlines the severity of the problems afflicting the 500 ex-Beaverbrook workers who have invested heavily in their own jobs. Last night their former employer, Mr. Jocelyn Stevens, deputy chairman and managing director of Beaverbrook Newspapers, who are the venture's largest shareholders, described the relaunch as 'an act of desperation, a last throw of the dice.' Mr. Stevens, whose Scottish Daily Express, now published from Manchester, is the SDN's main rival, added that Beaverbrook were not concerned about losing the £600,000 still owed in final payment for the Albion Street printing centre in Glasgow. He said, "We set out with the aim of getting £1 million for the plant and premises from SNE the company running the venture. We achieved our aim and regard anything else we might receive as a very surprising bonus." While admitting that the venture was making a loss, Mr. Mackie denied a report that circulation had declined to 84,000. "That suggestion is totally inaccurate, dishonest and unethical. Although we are a bit below breakeven point this is not a make or break venture. There is no feeling that we have been rejected by the Scottish people. We

are sharing the problems of an industry where no-one is making any money just now." (Scotsman, 22 July 1975).

The reappearance of Maxwell on the eve of the mass meeting arranged for 29 July to discuss the technicalities of the tabloid relaunch, shattered the peace which had descended on Albion Street. He immediately resumed his efforts to persuade the frightened workers:

"On that evening of 28 July Maxwell did his rounds of the chapels telling them that the only solution to the co-operative's problems was the injection of £500,000 cash which he committed himself to raise. We needed to increase the advertising, which he declared would not be difficult, (claiming that he could raise more than the paper could handle) and to get rid of Mackie and the other Councillors who opposed him." (Mackie, 1976, p.135).

John Hodgeman colourfully recalled the scene of Maxwell circulating through the chapels on the night before combat:

"He smirked and back-slapped his way through internal departmental union meetings, where subservient officials introduced him as the veritable messiah. Silence invariably fell on raging discussions when Mr. Maxwell cleared his throat, opened his jacket and stood up. Many present were transfixed at the sight of a real live millionaire in their midst . . . as if the unbuttoning of the coat revealed rows of hundred pound notes pinned to the expensive lining So when the mass meeting was held the next day many of the workers had come to the conclusion that Maxwell, with his money, his experience of the "business jungle" (as he always referred to the world of commerce) and his plans for the tabloid newspaper were the only answer." The business of the mass meeting was well under way, discussing the technical details of tabloid publication, when Maxwell burst open with his unrelated and jarring contribution, which consisted of an attack on the Works Council for the falling circulation and the insistence that the position could be remedied only by investing him with executive authority. A motion was carried that he be reinstated in an

executive position subject to the discretion of Council, and that he be invited to assist in the relaunching of the newspaper by the margin of 102 votes to 79.

The Overlord of the Scottish Daily News

At the subsequent Council meeting Maxwell was overbearing in his newly reclaimed status, as the minutes record:

"Maxwell expressed concern about 'going tabloid' with particular reference to the time allowed to prepare for the changeover. He expressed the view that the timing was unfortunate, being in the middle of a holiday season, and suggested that publication of a tabloid newspaper be deferred to 1 September. Mr. Maxwell also asked if the purpose of converting to tabloid was solely to force the DTI to provide extra time. Mr. Maxwell asked that the workforce, through their respective chapels, be asked to confirm the conversion date presently established."

This interjection was based purely on ignorance of the detailed planning of the tabloid relaunch due to Maxwell's absence from the SDN for the whole of the period when this work was completed. The business of the Council therefore was delayed by Mackie and Tough having to explain the sequence of events leading up to the tabloid decision.

"Mr. Mackie advised that before a final decision was taken the situation was outlined to the Federated Chapel, who agreed unanimously that the company should convert as of 18 August ... Mr. Tough outlined that discussions to improve the marketability of our product had been held with our advertising agents. In their opinion nothing less than a change in size would be sufficient to effect the required improvement. As to the date, this had been chosen based on the end of the major holiday season in Scotland, the commencement of the football season and the need to publish in time to capture autumn advertising schedules ... the DTI had said that if we had not done something so dramatic then the DTI would have reviewed our situation by the end of August. Mr. Tough continued that the campaign

at this stage is now totally committed from both technical and publicity viewpoints." (WCM, 1 August 1975).

Unabashed by his ignorance, and undeterred by the logic of the explanations he had been offered, Maxwell moved that because of the complexity of the changeover and the understaffing and inexperience, the relaunch be postponed till 1 September. For once his headstrong attempts to get his own way, for the flimsiest of reasons, received no support, and the motion was not seconded.

An angry discussion followed concerning Maxwell's future position, which after an adjournment, was to last most of the day. Maxwell claimed that "he had been totally eliminated from business decisions." Goldberg suggested that Maxwell be given "executive powers with freedom in areas such as 'advertising and circulation'." When Bargh pointed to the chaos that would ensue if the general manager and a Council member were "working in different directions", Goldberg defined Maxwell's duties in the memorable phrase "in effect overlord advertising and circulation".

"Mr. Maxwell then informed the meeting that he was willing to come to Glasgow on a full-time basis for three months, if required. He viewed the situation as grave and sought the executive powers which he felt necessary to save the newspaper. Specifically he believed that Mr. Mackie should be responsible for morale, Mr. Tough for day-to-day management with Mr. Maxwell to be vested with power to raise cash and sell advertising space. Mr. Maxwell advised the meeting that if the Executive Council is at any time disappointed in his performance he would withdraw immediately. Mr. Maxwell was asked how he would raise cash and responded "I can raise it". He denied he wished control of the company and stated he wished total authority subject to instant dismissal by Council".

Maxwell then melodramatically left the meeting to allow them to ponder the contradiction between having "total authority" and being "subject to instant dismissal". Blyth said "in his opinion the present management

does not have the necessary experience to carry the job through.

Mackie replied that with Mr. Maxwell at the helm there was a serious risk that the present management team would be lost in its entirety."

The Council considered how Maxwell's flair for publicity could be harnessed to securing the SDN more advertising, but after the adjournment Maxwell made it clear he anticipated far more generous powers, he elaborated,

" In his view there were three areas requiring attention as follows :

- 1) ensuring the tabloid edition is out in good order by 18 August,
- 2) ensuring that the paper is editorialised properly,
- 3) improving classified advertising."

Russell argued that Maxwell's proposal represented such a fundamental change that all the investors should be consulted before a decision was reached.

Mackie then asked members of the Council to present a summary of their views:

"Mr. Bargh said he found his personal position very difficult: he was instinctively against the whole thing and would hate to precipitate a crisis, however, he felt bound to accept what the workers wished.

Mr. Goldberg stated that the fundamentals of the co-operative had been fulfilled. In a situation as grim as this, change is necessary. By bringing in Maxwell we have nothing to lose; we can use him to help us off the ground.

Mr. Blyth said that we should use Maxwell to the fullest extent. He continued that he would hate to run counter to trade union principles, and that his offer should be accepted for a trial period. He stated that Mr. Maxwell must be here to fulfil his promise.

Mr. Lindsay voiced his alarm at the current feeling within the work force; its enthusiasm had waned and there must be a response to the recommendation of the workforce.

Mr. Crossan (The Imperial Father of the Federated Chapel present as an observer) stated that anything Mr. Maxwell has suggested has been suggested

before; Mr. Maxwell can work as an Executive Councillor and could have done so before. In Mr. Crossan's view the workforce was split, and those who voted for Mr. Maxwell believe he intends to provide more money and that is the only reason for their vote." (WCM, 1 August 1975).

The meeting then ended in profound disagreement and disarray, with the contempt that Mackie and Maxwell had for each other more apparent than ever. The debate was resumed on 6 August in Council, with Mackie, Lindsay and Milne absent, which meant that Jimmy Russell was alone to challenge Maxwell's corporate imperialism. Goldberg opened the discussion by saying "in his view the powers to be vested in Mr. Maxwell could not be too clearly defined. He believed they should be termed as general executive powers over circulation and advertising." At last the wraps were now off: "Mr. Maxwell stated that it ought to be clear that this, in effect, was the whole business."

Russell coolly replied that "there should be no misunderstanding of the effect of vesting executive authority in Maxwell. In Russell's view there would be no 'halfway house' and what was being given was not the ability to influence but control management and that in effect Mr. Maxwell would have management control of the company." (WCM, 6 August 1975). Whereupon the meeting was informed of Tough's intention to leave the company, since a replacement general manager had been found and was to be installed. Goldberg then moved that Maxwell be installed with general executive powers in areas of advertising and circulation. The motion was seconded by Sillito and carried by a majority of 4-1. (Only one shopfloor worker - Allister Blyth - was at this meeting, plus three senior members of the editorial staff, yet the Financial Times was to claim, "The Works Council of the SDN - which is dominated by shopfloor representatives - voted to restore to Mr Maxwell executive powers [...]" (7 August 1975). Russell protested that the whole affair was conducted undemocratically and informed the meeting that he reserved the right to call an Extraordinary General

Meeting of the company to consider this.

A few hours after the Council had given him executive authority Maxwell moved into Tough's room (though Tough had offered to stay to supervise the relaunch), and indulged in a typically expansive press conference. The next day the national press responded :

"MAXWELL 'OVERLORDS' SCOTS NEWSPAPER - AND MANAGER GOES" headlined the Financial Times:

"Mr. Robert Maxwell, chairman of the publishing company Pergamon Press, has been appointed self-styled 'overlord' of the ailing Scottish Daily News. He appears to have been given immediate effective control over the most crucial management functions of the Glasgow-based newspaper - launched by a workers' co-operative in May with a £1.2m Government loan. He gave a categorical 'no' to a suggestion that yesterday's decision by the governing Works Council endorsed a bid by him to take over the enterprise. 'Nobody can take over a workers' co-operative', he said Mr. Maxwell, who described his own involvement with the Glasgow project as 'a piece of Socialism, not done for commercial motives', added: "I feel utterly confident that the whole of this team, with small assistance from me, will be able to make the paper viable by the end of the year." (7 August 1975).

"DAILY NEWS MANAGER LEAVES AS MAXWELL MOVES IN"

"Disillusioned with the worker-control practices of the Scottish Daily News co-operative in Glasgow, their general manager Mr. Eric Tough leaves the venture tomorrow after being effectively replaced by Mr. Robert Maxwell..... It was no secret, however, that the former Scottish operations manager of PA did not see eye to eye with Mr. Maxwell's 'autocratic' style of management... Mr. Tough's departure leaves Mr. Maxwell in virtual control of the 'day-to-day running of the co-operative, as well as in control of the tabloid relaunch. That is a far cry from his position two months ago when he was stripped of his executive powers, removed from his post as co-chairman,

and only narrowly re-elected on to the Executive Council after a recount. The ex-Labour MPs return to power was opposed by a substantial minority of the workers who attended a meeting last week to hear his promise to revitalise the venture.....(Scotsman, 7 August 1975).

"MAXWELL MADE SDN OVERLORD"

"Mr. Robert Maxwell, the chairmn of Pergamon Press was yesterday appointed - in his own word - 'overlord' of circulation and advertising of the SDN, the newspaper started in May by a workers co-operative of former Beaverbrook employees in Glasgow. Mr. Maxwell said he would instal a bunk bed at the newspaper's office in Glasgow and would be working day and night for the next two or three months to make a success of the newspaper..... He said "It is going to be the best newspaper in the UK, and certainly in Scotland." (Guardian, 7 August 1975).

On his first day as 'overlord' and chief executive of the SDN Maxwell called a Works Council meeting at less than six hours notice. Forgetting Maxwell's earlier protestations, Blyth glibly dismissed the inadequate notice from the chair and "asked those present that in view of the current business situation adequate notice be deemed to have been given." At such short notice it was certain that there would be a sparse attendance, and in fact only half the Council turned up, Maxwell, Blyth, Goldberg, Sillito and Russell. With only Russell present to resist, it was obvious that Maxwell could push through whatever he wanted. Unfortunately no quorum had ever been designated for the Council. The main item on the agenda was a "Report by Mr. Robert Maxwell on steps taken to ensure 'on time 'launch of the tabloid with good assurance of success." The whole of this meeting was given over to Maxwell's presentation of what he had been doing, presumably in the 24 hours since he had been invested with executive authority, and what he proposed to do. The minutes of this meeting read like a litany, with each paragraph beginning, "Mr. Maxwell

advised Mr. Maxwell recommended Mr. Maxwell proposed Mr. Maxwell stated," and the other Council members scarcely said anything. Among the numerous proposals, two decisions with completely disastrous consequences were taken: to cut the price of the paper; and to object to the payment of £59,000 in returned VAT demanded by Beaverbrook. Maxwell achieved the notable feat of effectively damning the declining SDN within a day of assuming office.

The insistence on a price cut from 6p to 5p injected a totally alien concept into the tabloid relaunch strategy. This decision was described by Briston, the financial adviser, as "a catastrophe" in the finances of the SDN, and was based on an elementary misunderstanding of newspaper economics. As the Financial Times later chastised:

"The critical decision, taken on Mr. Maxwell's insistence early in August, was to reduce the price of the re-launched tabloid paper by 1p when it appeared on 18 August. The Works Council had already examined the effects of cutting the paper's price, but had decided instead to confine itself lowering by as much as one-third, its rates to advertisers as an incentive to boost advertising content which had fallen to about 12 per cent. Mr. Maxwell prevailed upon the Council, however, to cut the price, arguing that the revenue loss it would sustain would be recouped if circulation rose by only 16,000 a day. His assumption was that a one-sixth price cut from 6p to 5p would be compensated for by a one-sixth rise in sales. In fact, internal examinations by the company, conducted in June and again in August, showed that there would be a revenue loss of almost one third. The crucial calculations show that, on a circulation of 150,000 a day, and taking newsprint costs and the prevailing 37.8 per cent discount to newsagents into account, revenue from circulation would fall from £2,649 to £1,716 per day. It further demonstrated that, merely to recover this loss, the paper would have to raise its sales by 81,000 a day to 231,000. It was also shown that, if advertising remained static, total

sales would have to reach 517,000 before the enterprise would break even."

(29 October 1975).

Allister Mackie in a document of 23 June had outlined other important reasons why a price cut was foolish and dangerous: newsagents return from the sale of the same number of copies would be reduced, creating an incentive to sell other papers; increases in newspaper costs were inevitable and other newspapers were planning a price increase; finally there was doubt whether SDN readers were price conscious, and the reduction followed shortly by an increase, would serve merely to damage the public image of the newspaper. Though the fallacy of Maxwell's reasoning was cogently presented to the Council by Mackie and the idea of the price cut was rejected by the Council on 2 July; Maxwell reversed the decision by a 4-1 majority at this hastily convened and poorly attended Council meeting ten days before the relaunch. For all Maxwells grandiloquent references to democracy; on whether to reduce the price or not - one of the most critical issues to confront the newspaper even though an issue invented by Maxwell himself - he was quite happy to overturn the decision of a previous well attended Council meeting, without a debate, without a mass meeting, and without informing the workforce of the idea in advance. Here was proof that Maxwell was prepared to 'consult' with the workforce whenever he encountered resistance from the Works Council or elsewhere to what he wanted to do. But he was not prepared to consult the workforce - even over crucial matters like the price reduction - when he met no resistance elsewhere. Maxwell used the mass meetings as a lever for his own policies; when he could get these policies through the Council unopposed there was no need for the lever. The price reduction was a critical commercial error and was based on a fixation with prices and markets, when the SDN sales were clearly based heavily on sympathy, as market researchers had consistently reported. A price increase would have been much more sensible than a price reduction, and this was certainly the trend of popular newspaper pricing policy.

The second disastrous decision, was not to pay the £59,000 owed to Beaverbrook, the minutes of the meeting accurately capture the extent of democratic debate Maxwell was prepared to tolerate:

"Mr. Maxwell advised the meeting that he had 'held up' a cheque for some £59,000 payable to Beaverbrook in respect of Value Added Tax. Mr. Maxwell further advised the meeting that he was promised a cheque for £40,000 from Beaverbrook and as he had not received it he proposed we 'sit on' the £59,000 for the present. The secretary protested this course stating that the cash was in respect of VAT on plant and machinery purchased from Beaverbrook, had not been incurred by SNE Limited and was properly due Beaverbrook following receipt by SNE. The secretary also added that he was not aware of a debt outstanding against Beaverbrook in favour of SNE in the sum of £40,000. Mr. Russell cautioned that each of the directors should think carefully about their actions in this regard. Mr. Maxwell stated that Jocelyn Stevens of Beaverbrook was aware of the agreement to pay SNE £40,000 and he proposed writing him offering to exchange cheques, and asked Council for endorsement of his actions subject to Beaverbrook's response to this letter. Mr. Russell objected to this course of action and asked that legal advice be sought before sending any letter.

Further discussion ceased when Mr. Maxwell advised that a letter had already been sent." (WCM, 7 August 1975).

This arbitrary decision of Maxwell meant that Beaverbrook would certainly institute legal proceedings against the SDN to recover the money, dealing a severe blow to the financial credibility and public integrity of the SDN. Yet when Lovell, White and King, Beaverbrook's solicitors telexed Boyd's, the SDN's solicitors, they referred to Maxwell's letter refusing to pay the VAT as dated 11 August 1975. (Telex 4 September 1975).

Therefore it is possible that Maxwell deliberately misled the Council when he said that the letter had already been sent.

The brusque treatment he had received at this meeting, prompted the resignation of Ian Bain, the financial controller and company secretary since 9 June, who was the third member of the SDN senior management to resign in two months. Bain declared his resignation with immediate effect followed the "major disagreement" with Maxwell over the surprise plan to reduce the price of the paper. "It was a decision over which I had no say. I was given no prior notice that it was to be brought up at a Works Council meeting last week, and although I voiced my opinion against it, it was carried although not unanimously. This placed me in an invidious position and I felt I had no option but to resign." Bain had joined the SDN, as did the previous company secretary Lawrie Hooper, because it was a co-operative. The rapid exit of these men was indicative of the effect Maxwell's overlordship would have on the enterprise. Moreover the rest of the Council were largely powerless to restrain him, despite the earnest assurances he had given just a few days before. At the first Council meeting that Maxwell was chief executive at the SDN there was instant and emphatic evidence provided in support of the blistering judgment of the DTI inspectors in the Pergamon affair:

"Any report on the conduct of affairs of ILSC must necessarily for the reasons already given, amount to a report on Mr. Maxwells stewardship. He is a man of great energy, drive and imagination, but unfortunately an apparant fixation as to his own abilities causes him to ignore the views of others if these are not compatible. This is very evident in the recurrent (and frequent) change of personnel in ILSC which were one of the factors which contributed to the disaster. Neither his fellow directors, his professional advisers, nor his employees were able to sway his views and actions. The concept of a Board being responsible for policy was alien to him". (HMSO, 1971, p.208. My emphasis).

Having effectively secured control of the destiny of the SDN Maxwell attempted to prevent any challenge to this by cancelling the next Council meeting, properly convened for 13 August. Mackie, who had now recovered from an illness, demanded what authority Maxwell had to do this? "Mr. Blyth informed the meeting that he and Mr. Goldberg, together with Mr. Maxwell, agreed to cancel the meeting because of pressure of work in connection with the conversion to tabloid. He stated that they had attempted to find other directors to notify them to this effect but were unsuccessful. Mr. Blyth went on to say that our first duty was to get our newspaper out on time and not to go in for a lot of Executive Council Meetings which achieve nothing except waste a lot of people's time Mr. Goldberg put forward a motion that the meeting be adjourned since those members of the Executive Council who have responsibility were extremely tied up getting the newspaper out on time and changing over to tabloid. The motion was seconded by Mr. Blyth and lost 5-3." (WCM, 13 August 1975).

The triumvirate of Maxwell, Blyth and Goldberg were guilty of grossly oligarchical practice: they were prepared to make crucial decisions at an impromptu Council meeting, then hypocritically deny the right of the majority of the Council to consider these decisions at the next properly convened meeting.

Turning to the cover price, Mackie insisted that a 5p cover charge required a circulation of 517,000 to break even, and asked that the price change be reversed, but Maxwell denied that these figures had any relevance. Jimmy Milne of the STUC and William Wolfe of the SNP (there as a substitute from the Investors Council in place of Bargh)" accepted Mackie's arguments about it being a mistake to reduce the cover price to 5p but were of the opinion that at that time the decision could not be reversed". The vote to change the price was lost-5-2. But the main business on the agenda was "Review of Management Structure", which was perhaps why Maxwell had tried to stop the meeting taking place. Mackie stated

he felt that Maxwell had taken on powers which were not assigned to him by the Council..... that since Mr. Maxwell had joined 5 days previously both the general manager and financial controller had resigned ... that he had heard from Messrs Boyds, our lawyers, and Messrs French and Cowan, our accountants, that they no longer wished to act on our behalf. Mr. Maxwell replied that he had not heard that either the lawyers or the accountants were withdrawing their services."

A furious row then broke out:

"The question was asked by Mr. Wolfe what executive powers had been granted to Mr. Maxwell by the Executive Council. The minutes of the previous 3 meetings were referred to and it was confirmed that Mr. Maxwell had been assigned executive powers in the areas of circulation and advertising. Mr. Wolfe then asked why Mr. Maxwell had taken over as general manager and company secretary. There was no comment from Mr. Maxwell.

Mr. Mackie put forward a motion that Mr. Maxwell's executive powers be removed. This was seconded by Mr. Russell.

At this point Mr. Goldberg suggested that Mr. Mackie tender his resignation since he had lost the support of the workforce. The motion was seconded by Mr. Blyth but was not pushed to a vote."

Mackie was persuaded to accept an amendment to his motion by Wolfe which was that Maxwell should have responsibilities in the areas of circulation and advertising, but that the remaining responsibilities be assigned to a general manager, though for the time being these would be the responsibility of Mackie. The motion was carried 5-3.

Maxwell exploded:

"Mr. Maxwell stated that he would call a workforce mass meeting as he felt the business could not operate under a 'double headed hydra'. 'People would not know who to come to for final decision.' Mr. Russell said that the Works Council would forbid Mr Maxwell to call this meeting and was

generally backed by members of the meeting. At this point Mr. Maxwell left the meeting stating that he would be forbidden nothing and that the people who finally decided the future of this enterprise were the workforce."

(WCM, 13 August 1975).

INDUSTRIAL RELATIONSIntroduction

The transformed industrial relations of the Scottish Daily News were found attractive by even the most trenchant political and commercial critics of the co-operative, whilst repelling many active trade union supporters. The passive and well-integrated trade union organization, low wages and simplified differentials, low manning, removal of protective practices, flexible demarcation, binding disputes procedure and severe inhibition of industrial conflict, achieved instantly at the launch of the SDN what national newspaper management had been attempting to impose for over a decade with little measurable success. During this time proprietors constantly attributed the economic problems of their newspapers primarily to the combination of high wage costs, over-manning, restrictive practices and recurrent stoppages; and frequently official investigations offered support for this assessment.

The earlier official inquiries into the national newspaper industry attempted to place industrial relations problems within a broader economic analysis. Thus although the 1961-62 Royal Commission on the Press declared that a saving of the order of 34% could be achieved in the manpower employed on production and distribution, ACAS summarized its conclusion, that :

"Despite discovering so many examples of wasted manpower resources, low productivity and weak management in the industry the salvation of the industry could not be found in the large potential savings on labour costs which seemed possible. Rather, the Commission found that the fatal casualties of the industry had received their wounds from the competition of their rivals, and had failed on a commercial basis in not selling enough newspapers or advertising space."

The Economist Intelligence Unit Survey of 1966 maintained that :

"Earnings did not bear a direct relationship to the work content of the job, nor to the skill and effort necessary; the strength and militancy of the union or chapel were the decisive factors affecting earnings. The payments system, with extras forming a large and constantly negotiable part of earnings, was a main weakness of the industry."

But went on to argue that :

"Like the 1962 Royal Commission they felt that even the substantial savings in costs, especially in labour costs, they saw as possible, would not on their own make the industry financially viable. They saw the crucial problem as one of revenue, decreasing circulation, growing price resistance, and an increasing dependence on advertising revenue with little potential for growth".

Finally, the National Board for Prices and Incomes in 1970 commented in Report 141 that "the economic problems of the national newspaper industry do not arise solely, or even principally, from labour costs or trade union resistance to technical innovation", but also said that savings in wage costs might be the marginal factor which would save a newspaper from extinction. (. RCP, 1976a, pp 305-309).

But recently, in the context of the cumulative financial crises of the national press which plunged even the most established titles into substantial losses; the hightening conflict between newspaper management and chapels; and the appearance of the spectre of the new technology which offered massive manpower reductions if it could be forced through on management's terms; the official analysis of industrial relations in the national newspaper industry became more emphatic in attributing the primary source of the economic difficulties of the press

to labour problems. In proposing reforms of the payment system and structure, manning levels and work practices, Sisson made it clear that he regarded the fact that "earnings are very much higher than in manufacturing industry generally", that "gross inefficiencies in the production of national newspapers, mainly due to over-manning" and that the "highly developed system of chapel bargaining" were a "major contributory factor in the desperate economic situation of many national newspapers." (1975,p1). In an Interim Report commissioned at the behest of panic stricken employers who faced "a crisis of unprecedented dimensions and dangers", the third Royal Commission on the Press dramatically asserted that "drastic remedies are needed ... there is no prospect of improving revenue sufficiently. Productivity must be increased and costs reduced; this can be done on an adequate scale only by lowering manning levels and introducing new technology...." (1976,p.9).

and went on to propose swingeing redundancies of over a third of the national newspaper industry's labour force. In the Final Report the Royal Commission, disillusioned by the failure of the Interim Report to achieve any concrete results, returned to the theme of recalcitrant labour with a vengeance:

"One debilitating legacy to national newspapers from the post-war days of easy profits and weak management has been the exceptionally high earnings of print workers and a disposition among publishers to yield easily to threats of unofficial action. Industrial relations in Fleet Street have been notoriously bad for a generation and their improvement has been the regularly falsified hope of everyone who has attempted to set the industry on the path of modernisation." (1977,p.5).

Although the proposals on voluntary redundancy, new technology, and procedural reform agreed between the newspaper employers and the general secretaries of the print unions contained in the Programme for Action (1976)

had been firmly rejected by the members of all the print unions with the exception of the NUJ; the Final Report of the Commission re-emphasised that : "There is no alternative to root-and-branch change in Fleet Street;" and again insisted that these proposals must be implemented, suggesting that they were in the best interests of print workers, though print workers themselves clearly did not think so. (1977, pp 221-226).

The assumption of orthodox analysis, loudly proclaimed by the proprietors in their own editorials, was that the primary ailment of the newspaper industry was the responsibility of the print union chapels, whose refusal to change was the critical factor in destroying the profitability of the national press. Therefore if most of these labour problems could be overcome at the Scottish Daily News with the willing compliance of the chapels, many commentators argued there was no reason why the newspaper should not be a shining commercial success:

A CRASH COURSE IN NEWSPAPER AILMENTS

"How is it possible that the Scottish Daily News could succeed where Beaverbrook could not, and at a time when the industry as a whole is going through a severe economic crisis? The answer is twofold and, to someone unversed in the hideously complicated customs and practices of Fleet Street, has a child-like simplicity. First, the new paper will operate on realistic manning levels. To begin with it will employ only 600 people, a third of those made redundant by Beaverbrook. Overmanning has long been the single most debilitating feature of the national press - even more damaging than, say, the soaring cost of newsprint. In 1966 an Economist Intelligence Unit report discovered that there could be manpower savings of 50 per cent in some Fleet Street departments, and that is still true today.

Secondly, the Scottish Daily News will attempt to eliminate the poor industrial relations that characterise so many papers. For years the ineptitude of some newspaper managements has been rivalled only by the needless truculence and militancy of the various unions they employ. In the year before Beaverbrook shut down the Glasgow office there were 56 stoppages at that centre alone.

The new paper's Action Committee has attempted to overcome this problem by devising a Works Council representing management and men. "Wages and conditions of employment will be taken out of the area of controversy", says Mr. Denny Macgee, a member of the committee. 'We have evolved a procedure of disputes which will be binding on all employees. There will be no stoppages on this paper.....' 'We want a strong, capable editor free to edit, and strong, capable management free to manage,' says one of the committee. Is anyone in Fleet Street listening?" (Observer, 5 May 1974).

Yet the transformed industrial relations at the SDN were not primarily due to a concern for business efficiency, but were regarded as a necessary compromise to launch and sustain the workers co-operative with the minimum funding available. Though all the workers enjoyed the sense of enthusiasm and commitment the co-operative at first engendered and were proud of the substantial improvement in efficiency and productivity which resulted, they regretted the low wages and manning. Some workers, unimpressed by the co-operative rhetoric, harboured serious misgivings about what they were embarking on. Doddy MacKoskill, the NATSOPA FOC, had worked in the despatch departments of national newspapers for thirty years, was steeped in the print chapel traditions, and was distressed at what he saw happening around him:

"There are a lot of changes, a lot of problems. There are staffing problems, we've cut ourselves to the bone staffing-wise. We've accepted less money. We've guaranteed no strikes for a year. We've guaranteed

we won't ask for a rise for a year. I'm quite sure that big business must look at us, and they must say to themselves, 'If we could have a set-up like this !' Other national newspapers must look at us and say, "I wish we could do this ! ' Because a lot of other newspapers are overmanned, maybe I shouldn't say it, but they are overmanned, I've worked on these papers. I'm quite sure the bosses of the national newspapers are going around saying, 'If they can do this, with this sort of staff, a 14 page paper - the equivalent of 28 pages in tabloid.' I'm quite sure there are a lot of newspapers who are very envious that we're doing this with so little staff for a start. And wages - it must be fantastic for other newspapers to look at us, because wages elsewhere are far superior to what we're receiving.

We've been prepared to accept this to get us off the ground. That's not to say we're satisfied with what we've got. In time we're hoping if this is successful that we will receive rises y'know. But we've got to make a success of this first before we can ask for a pay rise. At the other newspapers, irrespective of whether its a success or not, the unions will put in for their rises automatically, and they'll fight for these rises..... In a year's time if things don't work out for us, are we gonna be on this wage, and the cost of living by that time could have gone sky high. Y'know really sky high, you could have blokes earning £30 a week more than what we're getting. Och they're way above us, because we've guaranteed that we won't ask for a rise. Possibly this is a monster we've created, I don't know. I think it is a bit of a monster that one. I think we conned ourselves there."

Trade Union Organization.

In examining the extent of trade union organization at the SDN and the degree of control exercised by the ordinary members, it is important to remember the fact that the union chapels in the national newspaper industry, through tightly effective organisation, have secured a considerable degree of control over the production process. Sisson accurately outlined the extent of this development:

"the chapels have been able to achieve a remarkable degree of control over the immediate work situation. The first-line managers, or overseers as they are known in Fleet Street, have little executive responsibility in most departments. It is often the FOC who recruits the labour and allocates it to the different tasks. It is the FOC who draws up the overtime and holiday rotas. It is also the FOC and chapel committee who are responsible for discipline. In effect, then, it is the FOC who is the man-manager The chapel is seen to be body that makes the important decisions about working arrangements. Its authority is legitimate in the eyes of the members ... " (1975, p 103).
Stressing the importance of chapel organization and controls to an understanding of the industrial relations of the national newspaper industry, ACAS defined the comprehensive responsibilities of the chapel:

"In practice and this applies almost without exception in respect to production workers, the chapel is responsible for :

- a) the regulation of the workgroup and the workplace through the control and administration of work rotas, discipline and recruitment;
- b) the representation of the chapel members both individually and collectively in disputes with management, and through its officers and delegates, the representation of chapel interests at branch and national level within the union;
- c) the formulation and negotiation of in-house claims relating to its members;

- d) the welfare of its members (and to a degree their families), through the provision and administration of sickness schemes, the payment of grants, superannuation and death benefits, and the granting of loans and the giving of general advice and assistance;
- e) the upholding of union rules, the implementation of trade agreements, and the effective implementation of union policy decided at branch or national level." (1976, pp 80-81).

Thus relative to other organized workgroups the national newspaper chapels enjoy considerable autonomy and are in an extremely strong position in their relationship with management: "Changes cannot take place without the chapel's consent and its independence within the workshop, allied to the sensitivity of the product, means that it cannot easily be overridden. (RCP, 1976a,p.7).

Whatever controls and benefits the SDN co-operative provided therefore must be placed in the context of an industry in which considerable job control and consequential rewards had been attained through trade union organization, and conversely whatever infringements the co-operative made upon established controls and conditions must be regarded in a serious light by trade unionists.

Formally, the SDN was to maintain full trade union organization. Manning, wages and other conditions were established in consultation with local trade union branches and full-time officers. A conventional chapel structure was retained with FOCs responsible for their normal duties of organizing production, manpower, and work rosters. Though a significant element of flexibility was introduced, demarcation of traditional job tasks was generally preserved. Though some important union concessions had been made to the co-operative form, most of the FOCs, perhaps self-defensively, felt that they were complying with the basic union rules. For example, Andy Riley the SLADE FOC said about demarcation:

"We don't see any problems, we are working as we would normally work under our normal society rules. We don't see any problems.

I don't know how other unions are placed that way. I think mainly, what makes this paper better, is that we're in a co-op, but we're managing to keep within all the society laws. To me this is something." A closed shop was maintained and members were encouraged to play an active part in their respective chapels. The chapels were expected to fulfil a normal protective and sectional collective bargaining function. However, the shopfloor members of the Works Council were not elected on a departmental basis, but were elected by all the members of the co-operative to represent the whole co-operative. Therefore although shopfloor representatives on Council were expected to remain in close touch with the chapels, they were prevented from holding the position of director and FOC simultaneously. Ronnie Gibson, who was the APEX FOC and Deputy-Imperial Father of the Federated Chapel explained:

"A director of the co-operative has to represent the interests of all the workers, therefore he cannot be a shop steward representing a sectional interest. Allister Mackie is a member of the SGA, and chairman of the co-operative: he can participate in the union, but he can't represent it. Alister Blyth wanted to be FOC of the NGA and on the Works Council, but it was blocked as impractical. Its the same with the overseers and the FOCs - the two argue against each other - it would be impractical for one man to do this. The position down at the KME co-operative is crazy. Jack Spriggs is the director of the company and the convenor of the unions, and senior steward of the AUEW. You can't have your cake and eat it ! If a grievance comes up, Jack must take the side of the engineers because he's elected to represent their interests." (The AUEW skilled men generally did fare better at KME, in access to overtime and other benefits, and in avoiding lay-offs).

Thus, in theory at least, at the SDN there was a strict delineation between the directoral and managerial function to advance the commercial interests of the co-operative and the trade union function to protect and advance the interests of the chapel members. Allister Mackie said: "The role of the FOCs is to look after the chapels, and to make sure their own chapel's interests are not sacrificed in the interests of other chapels. Their job is to protect the workers from any stupid decisions of the Works Council." And Jimmy McNamara maintained: "The job of the Federated Chapel is to protect the mass of the workers against the economic forces that will force the company into certain decisions against the interests of the shopfloor."

Yet although a minority of SDN workers retained a clear conception of the importance of active trade union organisation, the majority were confused by the co-operative structure, which they felt partly dispensed with the need for separate union representation. Even people previously extremely active in their chapels, were unsure of the relevance of trade unions in the SDN. "Any management-worker conflict would just be mirror boxing", declared Denny Macgee, the scourge of management when FOC of the NUJ in the days of Beaverbrook. Nathan Goldberg, who prided himself on his political perception, was more thoughtful on the question, but almost as ambivalent:

"Trade unions are a means to an end. Where this is by no means the end, it certainly does take away the 'them and us' situation, on which the raison d'etre of trade unionism was formed - y'know to fight the capitalist system. Obviously, we don't have that type of thing here. It did take a bit of getting used to. Obviously its still trade union oriented this - it's a closed shop. We have good relationships with all branch secretaries. But really, unless you've something to fight against, unless you've something to crib against, and as long as your wages and your conditions are well above the trade union minimum, then

you're OK. There really should not be aggro - as opposed to the normal trade union working - there shouldn't be an awful lot of scope for that. Obviously there are things that FOCs do, working out rotas and so on. But generally speaking - the aggro side of it was more or less obliterated y'know. Although the FOCs are watchdogs to see that the Works Council doesn't overstep the mark, there's an entirely different set-up. It took quite a few guys who had been FOCs before a while to adjust to this. In that we have this year had to adjust a lot of these concepts so that the guys on the workforce have the correct philosophy. It's been a natural development from a co-operative. We've been very careful not to break any demarcation lines and so on. Very careful to uphold all the trade union rules, though some people may put a case 'You need not do that, because we're on our own now - these rules don't apply. A lot of the rules are there to ensure that the worker is not taken advantage of by the boss, and as, strictly speaking, there are no bosses in the old traditional sense, why carry on with these demarcation lines and all the rest of it?' But we've got a duty to the trade union movement, and recognise that, and even though something may only be symbolic - it still has to be done."

The belief that trade union organization within the SDN was largely of symbolic significance, was a feature of the undermining of trade union consciousness and organization caused by the co-operative:

"On this island of industrial democracy such historically sacred institutions were an irrelevance - they were all bosses now; the only constraint on the total disintegration of the union fabric within Albion Street was the awareness that their island was not self-sufficient and that their brother trade unionists still had to survive in the turbulent, commercial ocean." (McKay and Barr, 1976, p. 58).

Of course the SDN had to survive in the same capitalist market system, in competition with other newspapers. Compulsive pressures were

exerted from the start to keep manning to a minimum, reduce costs, including labour costs, and increase output per man. Only nominal resistance to these pressures was offered by most of the shopfloor representatives on the Council, who were in fact absorbed with the commercial problems of the enterprise. Hence there was a need for proper trade union defenses for similar reasons as they exist in private industry - to protect workers against excessive and unacceptable demands. Doddy MacKoskill, in particular, was deeply opposed to the dismantling of the chapel organization:

"At present we're bending over backwards to get the thing going. But once we become viable, I'm quite sure that although this is a workers co-operative, that we will start to bring back trade union methods, to go back to our national agreements. At present we're forgetting about the union, just at present, that's not to say we've tossed it over, because basically I'm a trade unionist and always have been and always will be. At present we're holding ourselves to see how it works out, if it works good, we'll still incorporate the trade union method, we'll always have that in here. You must have rules and regulations imposed by the union, I'll always stand by my union, although I'm agreeing to this at present, I dinna mean to say that I'd forget my union, by no means. No chance o' that at any time. The unions as far as I'm concerned, throughout the years have done more good, have done me more good; and what I'm finding in this workers co-operative here, to be very honest with you, is that there are too many people who don't know enough about the unions, and don't know enough about procedure. OK maybe some of these people have to learn, but they don't know, I'm finding this out. If more people knew about the unions you could base a good workers co-operative on the unions, incorporate a bit of union method into it But here, in the prospectus 'it was agreed that the day we started printing, we'd revert back to all national agreements, this was

agreed upon. Yet I've done things I'm afraid if my union finds out about them ... I'm steering clear of my branch secretary, if he knew some of the things we were doing, we'd be annihilated. We're doing things against all the principles of a proper union shop. I'm governed by these rules, although I'm in a workers enterprise. There's some people in here don't seem to realise this."

Ronnie Gibson, the APEX FOC, broadly concurred with these criticisms, but was a great deal more optimistic about the potential for the development of trade union control in the co-operative:

"The Federated Chapel, the federation of shop stewards, is very young, but I maintain that in this set-up, the unions through the shop stewards will be the power. They're not at the moment, but they will be the power. Make quite sure, we will dictate to the management, to the Works Council, as far as the running of this company and the policies of this company are concerned. I'm quite sure about this. Although we're forgetting about it at the present time. I'm dismissing national agreements of my own union, as far as sick schemes are concerned, pensions, benevolent funds. Everything. You could name them - 10 agreements that I've dismissed. Demarcation lines, all sorts of things. But in the future they will come, in the future the unions will have control of this workers co-operative."

A generally recognised weakness in the chapel organization at the SDN was the inexperience of the FOCs: the Beaverbrook FOCs had formed the Action Committee, and several had continued with the Works Council, while others had assumed executive editorial or other positions, such as Nathan Goldberg and Denny Macgee. It was believed that as the new FOCs acquired experience, there would be a gradual reassertion of trade union practices and controls, but a consecutive series of early disasters undermined this effort. In the last resort, it was realised by the people who remained active trade unionists in the SDN, that it would be

the responsibility of the broader trade union movement at the branch and national level to uphold minimum conditions within the SDN, and to prevent any dramatic deterioration, even if industrial action was necessary to achieve this.

Wages

A great deal of the complex industrial relations activity in the national newspaper industry revolves around the issue of wage bargaining. Sisson goes as far as to suggest that an investigation into pay structure could provide an adequate explanation of most of the characteristics of industrial relations in Fleet Street since it is a major source of conflict. (1975, p.4). Due to the competitiveness of the product market in the newspaper industry, the perishability of the product, and technology of production, the chapels are in a position to constantly bargain over pay:

"Because of the many changes in the product and fluctuations in the level of activity in the product market, discontinuities in production are extremely frequent in every department. Indeed, there can be few industries in which discontinuities in production are so many and varied ... each issue of the newspaper is a different product. Then there are a number of editions in each issue, a number of page changes in each edition, and so on Changes in the product and fluctuations in the level of activity in the product market are such that workers are obliged to seek some control over the payment system; for without this control the management could be free to determine what constitutes a fair day's work. Yet these changes and fluctuations also provide workers with the opportunity to gain control, simply and effectively, by forcing the managements to negotiate their co-operation whenever there is a need to alter working arrangements: The result is a system of payment by task. As one industrial relations manager has put it: 'We pay the basic rate to get the men to come to the office. Then we

have to pay them for everything they do ! " (Sisson, 1975, pp 60,115).

Through chapel bargaining a wide range of components have been added to the basic wage, and by aggressive bargaining over these, big improvements have been achieved in weekly earnings on industry basic rates. This process has accounted for the high earnings of print workers in the newspaper industry. In the provincial newspaper industry ACAS noted the management complaint that production workers earned more than the people who supervised their work, and that the gap between the earnings of clerical and administrative employees and those of production workers was too wide. In most houses skilled production workers earned more than any of the administrative and editorial workers and frequently this applied to semi-skilled and unskilled production workers as well. The differential between skilled production workers average earnings and those of journalists was £1,000 or more, though production workers pay included shift bonus and overtime. (Cmnd 6810-2, p36). Complex differentials have been a further source of frequent inter-union tension in the industry, and have contributed to industrial relations conflict.

In total contrast, it was intended at the SDN that, miraculously, "wages and conditions of employment will be taken outside the area of controversy." The first amazing step in this process, was the voluntary acceptance of a 12 month wage freeze in the first year of operation agreed at a mass meeting on 1 January 1975. There were only two dissenters to this proposal, though at the time both inflation and pay awards were running at above 20% per annum. At a mass meeting attended by 210 workers on the 25 February 1975, Robert Maxwell explained that "It is a requirement of the prospectus that you submit cash flow projections for two consecutive years and still bearing in mind the prospectus has to be attractive to the potential investor..." the workers were asked, and unanimously agreed, to accept the following conditions published in the SNE prospectus:

- "(i) that no demands should be made for
- 1) any increase in the salary payable to employees of the Company in respect of the period to 1 January 1976, or,
 - 2) any increase in excess of 10 per cent of the initial salary in respect of the period from 1 January 1976 to 1 January 1977
- (ii) that voluntary assistance without payment should be given by such persons to help with the preparation for the launch of the newspaper
- (iii) that the principle that the Company cannot pay more in salaries to employees than the Company's earnings permit be accepted." (1975,p.8).

More tersely in the guide to the prospectus it stated, "As a sign of their intentions, the workers have agreed to a moratorium on wage increases for the rest of the year and a 10 per cent maximum in increases in 1976." This agreement was secured in an industry typified by the most militant forms of wage bargaining, well before the implications of the Labour Government Social Contract of 1975-78 were to emerge. The terms of the voluntary SDN agreement were more severe than those of the Social Contract, which allowed £6 increases in July 1975 to July 1976, and the Social Contract was successfully imposed only because workers had recently received substantial awards, whereas the SDN workers had only a low basic wage decided upon early in 1974 and then supplemented by a modest 8% national increase in the basic rate negotiated in 1974. (SNE 1974, pp 8-9). The clause on compulsory 'voluntary' work would have horrified even the most accommodating trade union official. Moreover any attempt by workers who may not have been party to the original agreement, to escape from its provisions, was firmly precluded by including the agreement as a condition in prospective workers contracts of employment. (SNE; 1975, pp2,8). In addition new workers had to purchase £100 of employee shares, and former Beaverbrook employees a further £300 of ordinary shares. Investment of their earnings would bind

workers to the SDN, but it was highly unlikely that such small shareholdings would ever yield a significant supplement to their income, and workers remained entirely dependent upon their wages.

A highly simplified wages and differentials structure in comparison to the rest of the newspaper industry, was regarded as a master stroke of Allister Mackie, who was primarily responsible for constructing it, in eliminating the rivalry and resentment compounded by the enormous complexity of wage structures elsewhere.

In contrast to the conspiratorial secrecy maintained by both management and chapels over pay information in the national newspaper industry, at the SDN the pay scales were published and utter frankness maintained. Allister Mackie explained:

"I've always worked in newspapers, and I've never met anyone who liked demarcation, it is imposed on the chapels as much as the proprietors. Most differences occur because of the differentials in wages. When everyone knows everyone else's wages, there is less basis for aggro."

Although simplified, the pay structure, as Table 12 shows, was undoubtedly hierarchical, and preserved many conventional features: nine different rates of pay for workers, and eleven if first line management are included; a differential of 130% between experienced clerical workers on £30, and journalists on £69; and of 76% between night shift production workers on £60 and clerical shift workers on £34; with a relatively highly paid management team, the general manager earning 12x the salary of the lowest paid worker. In reducing down by half the twenty-plus differentials that exist in the newspaper industry between departments and different crafts, the basic differential which prevails in the industry between craft and non-craft of 12½% was essentially preserved in the 11% differential between the tradesmen and NATSOPA at the SDN. (RCP, 1976a, pp. 50-51). Yet it was still a major achievement to get engineers and compositers, stereotypers and machine minders, on the same basic rate rather than competing with each other.

Table 12 SDN Basic Weekly Wage Structure in 1975.Management

General Manager	£240
Senior Managers	£150
Editor	£150
Assistant Editors	£110

Journalists

1. Senior Journalists	£ 60 + 30%	=	£78
2. Journalists	£ 60 + 15%	=	£69

First Line Management

3. Nightshift Production Overseers	£60 + 15%	=	£69
4. Clerical Departmental Heads	£40 + 25%	=	£50

Production Workers

5. Night Shift Tradesmen - The Works Wage Rate		=	£60
6. NATSOPA	£60 - 11%	=	£53.40
7. Day Shift Tradesmen	£60 - 20%	=	£48

Clerical Workers

8. Experienced With Special Responsibilities	£60 - 33.1/3rd%	=	£40
9. Experienced Workers	£40 - 25%	=	£30
10. Engaged on Shift Basis	£40 - 15%	=	£34
11. Juniors and Beginners	£40 - 50%	=	£20

A high basic rate was paid at the SDN in order to eliminate the competitive demand by the chapels for bonuses, merit money, allowances and overtime which have come to compose almost half of weekly earnings in the provincial newspaper industry, and over two-thirds of earnings in the national newspaper industry. (RCP, 1976a, p.251). Supplements to pay were frowned upon at the SDN and only secured for a few individuals with some difficulty. Equally overtime payments were severely restricted, and people were actually expected to work extra hours without pay when necessary. The result as seen in Table 13 was that although the basic wage at the SDN compared very favourably with other establishments, gross earnings at the SDN, due to the absence of any form of extra payment, were substantially lower than in other provincial newspaper offices. Of course, earnings in the London national newspaper offices were much higher still.

Though the ex-Beaverbrook workers had been used to earning a good deal more than other provincial newspaper houses, because they worked on a national newspaper in the Express, and had a closer relationship with the high rates of pay of Fleet Street, at the SDN workers found that their pay was uniformly lower than the other provincial houses. For example in the ACAS sample of companies in Table 13, compositors and readers on average earned £78.27 in the provincial houses, and 30% less at the SDN. This differential of 30%+ between SDN earnings and those in the other provincial offices applied to almost all of the occupations, with the exception of the journalists at the SDN as Table 14 shows. Thus whereas production workers earnings were as much as £1,000 below many of their colleagues in other offices, the journalists earned over £150 more than the average salary of £3,422 for journalists in the ACAS sample. To an extent this anomaly was a relic

Table 13: House Minimum Rates and Average Gross Weekly Wage As At October 1975 For Various Production Job Categories in the SDN and Six Provincial Newspaper Houses.

Job Category	SDN		Company 1		Company 2		Company 3		Company 4		Company 5		Company 6	
	House min rate	Estimated Gross wage	House min rate	Ave. gross wage	House min rate	Ave gross wage	House min rate	Ave gross wage	House min rate	Ave gross wage	House min rate	Ave gross wage	House min rate	Ave gross wage
Compositor & or Reader	£	£	£	£	£	£	£	£	£	£	£	£	£	£
	60.00	60.00	45.55	75.68	48.50	85.09	75.56	78.92	55.39	103.63	51.90	72.09	51.00	65.00
							50.47	67.51						
Stereotyper	60.00	60.00	44.28	100.50	55.88	87.92	71.84	73.06	61.24	92.26	51.90	67.62	51.00	65.00
Process employees	60.00	60.00	46.40	65.76	72.00	101.40	57.94	74.56	-	-	52.75	78.92	47.00	72.00
Machine Room Minder	60.00	60.00	44.28	76.00	49.88	92.88	72.02	73.19	51.39	75.37	51.90	77.47	68.00	74.00
Machine Room Assistant	53.40	53.40	37.91	71.03	44.34	85.34	63.79	66.37	47.19	76.47	45.97	65.31	60.00	64.00
Finishing Department	53.40	53.40	37.91	76.23	39.61	67.61	39.61	67.61	47.54	76.29	-	-	-	-

Source: ACAS, Industrial Relations In The Provincial Newspaper and Periodical Industries, Research Series.2, Cmdnd 6810-2. Derived from Table 2, Appendix 6, p109. SDN figures from SDN Discussion Document.

Table 14: Comparison of Annual Average Salaries of Journalists, Clerical and Production Workers in the SDN and Six Provincial Newspaper Houses As At October 1975.

Job Category	SDN	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6
Journalist	3,588	3,495	3,178	4,050	2,902	2,500	4,408
Clerical	1,768	2,221	2,018	2,250	2,256	1,500	2,509
Overseers	3,588	3,826	4,043	-	3,944	2,500	4,173
Compositor	3,000	4,091	4,424	5,389	3,748	3,380	3,952
Sterotyper	3,000	5,226	4,572	4,858	3,516	3,380	4,706
Process Employee	3,000	3,419	5,272	-	4,104	3,744	3,952
Machine Room Minder	3,000	3,952	4,829	3,919	4,028	3,848	4,264
Machine Room Assistant	2,776	3,953	4,437	3,976	3,396	3,328	3,536
Finishing Department	2,776	3,962	3,512	3,967	-	-	3,614

Source: ACAS, Derived from Table 7, Appendix 6, p 115. SDN figures estimated from SDN Discussion Document.

of the Beaverbrook days when highly paid journalists had earned more than the production workers, but it was also a result of an attempt by those who devised the SDN wages structure to restore differentials to the order which they felt to be proper - that is that production workers should earn less than journalists. There was much resentment of this elevation of the journalists, particularly among the low-paid clerical workers who felt that they possessed very similar skills; and it seemed further proof that the journalists were least prepared to make sacrifices for the co-operative.

Perhaps the most startling feature of the payment system at the SDN was the amount of voluntary work undertaken. This began with the preparation for the launch when the SDN workforce intensively laboured for two weeks to get the newspaper out on time without any payment whatsoever. Payment of wages commenced in the week prior to the launch, but due to teething problems frequent overtime was worked in most departments without any extra pay. When the changeover from broadsheet to tabloid was made the caseroom staff and engineers again worked voluntarily to ensure its success. Joe McGowan the SGA FOC, indicated the extent of the commitment:

"The boys were out - on their days off in many cases - to try and bring advertising in, or to get people to read the paper, anything at all they could do on their day off - to help. It's a thing that's never been known before y'know. The FOCs have to spend all their time in their departments, I spend up to 15 hours some days, because we have to do a full shift, and any union business we have to do in our own time, so if there's anything to be done internally, we can't afford men to go off the line, we have to do it in our own time."

Tom, an NUJ member, described the change in attitude:

"Everyone here pulls their weight, it's not a 'them and us' situation. Though possibly the developments with Maxwell have created a version of

that situation. In the Express people worked for money, but here they work for the paper, its our paper. Guys last thing at night will put the lights out, before they would have just left them. People take more care, there is less waste, they look after the property. People were not like that in the Express."

Doddy MacKoskill of NATSOPA summed up the changes which left him slightly aghast:

"Previously, under the Beaverbrook set-up, we had the machinery and the despatch, these were the two production sides, and we stuck strictly to what was laid down. What they could do, and what they couldn't do. And if we were asked to do anything more, we were looking for payment for it. In the old days, when we were asked to do a wee bit extra, we'd say, 'How much is in it for me?'. This was it. Whenever the management came to us, we'd look into it, and say, 'extra men or extra money ! ' That's all gone now. Now we have a set-up of flexibility, working for one another. Now the men from the despatch department are prepared to go into the machine room to help out, just as the machine men are prepared to come into the despatch department and help out if needed. No payment involved, nothing. We've now got people here prepared to work overtime, no payment involved in this either. To work extra hours but no look for extra money. In the old days this could never have happened, if we went a minute over time we were looking for an hour."

Finally, Joe McGowan, the SGA FOC produced the kind of comment management must pray for from a shopfloor union leader:

"There's no management as such, its not as if its a 'them and us' situation. We've the Federated Chapel, and they're the Works Council. They're looking after the company, and we're looking after the union section of it. At the same time, it's all for the company at heart, everything we do is for the company. There's no bartering for wages

or conditions or anything like that. We're more interested in how smoothly we can get each department working. This is the liaison between the Works Council and the Federated Chapel - how much we can do to get a better and more efficient company."

However everything concerning wages and effort was not quite so idyllic from the management point of view at the SDN. Most workers accepted the prevailing pay and conditions merely as a temporary sacrifice until the co-operative got on its feet, when they expected a significant improvement all round, and would undoubtedly press for this through the chapels. The Council recognized this wage pressure would come, and decided before the launch that if the profit projections for the first year were realised they would pay a 10 per cent dividend to shareholders and a flat rate bonus to employees. (Guardian, 7 March, 1975). The chairman of the co-operative Allister Mackie, was well aware of the problem of low wages:

"We're not going to live in perpetuity in a halcyon condition, but I don't think that problems with the staff are going to be very serious. I'm going to push for higher wages, as I'm only on £60 a week, and I can't live on it."

Others were less sanguine about the SDN pay rates. Local full time union officials were very sceptical about the wages and conditions at the SDN, and the suggestion of a 24 hour newspaper prompted a letter from Ken Morgan, general secretary of the NUJ, seeking a negotiated agreement covering wages and conditions for the 91 journalists at Albion Street, since the NUJ was unhappy with the SDN wages relative to other Scottish newspapers, and disliked the undertaking not to ask for a wage increase before January 1976. (Glasgow Herald, 11 April, 1975). Within the SDN some workers had grievances against the pay structure. Ronnie Gibson, the APEX FOC was angry about the size of the journalists differential:

"APEX have no dispute with the craftsmen, the journeymen printers, but with the journalists, The journalists are on £69, 15% more than the craftsmen, but there are at least 15 journalists on over £100 a week. The journalists believe they are doing a job more important than anyone else. Some are talented - but the others?"

At the mass meetings prior to the launch it was agreed that there would be no overtime payments for late stories in the first three months, and this was emphasised by the Council to heads of departments. (WCM, 30 April 1975). Yet within two months the following exchange took place:

"Mr. Goldberg stated that there was a general belief amongst editorial staff that payment would be made for additional shifts worked. Consequently they experienced surprise and disappointment when compensation had not been made in the period ending 28 June. He complained of poor communication. Mr. Goldberg further advised the meeting that there was now considerable danger that, in the absence of payment, such work would now cease. This would result in considerable difficulty in producing the newspaper.

Mr. Mackie expressed sympathy but asked that the financial situation be recognised, pointing out that very many people had worked additional shifts over a long period of time without payment." (WCM, 2 July 1975).

In fact the journalists began to claim, and sometimes receive, payment for overtime, expenses, and additional editorial contributions. This breakdown of the spirit of self-sacrifice was bound to influence the other departments, and by 1 August a review of payment policy by the Council was necessary.

"Mr. Mackie advised the meeting that with the gradual erosion of present policy not to pay for casual shifts and overtime, the question of casual payments must be addressed in the near future.

Mr. Goldberg stated that until the tabloid launch the workforce should be asked to agree to a moratorium on all payments for casual and overtime shiftwork.

It was moved by Mr. Maxwell and seconded by Mr. Mackie that such an appeal be made to the workforce in the spirit that obtained prior to the original publication."

Other important terms of employment had been neglected at the SDN in the rush to get the newspaper published on a shoe-string. Both a sick scheme and pension scheme had been planned and budgeted for in the submission to the DoI, but neither became operational at the launch. This omission was not deliberate but due to the total absorption of both the management and trade union representatives in the editorial production and marketing problems of the newspaper. John Hodgeman, who as the Glasgow NUJ branch secretary bore a special responsibility to ensure that the SDN maintained national agreements, argued in June: "A lot of us are working anti-trade union shifts. A lot of us without overtime. We haven't got anything like pensions and sickness clarified as yet, there's a lot of these things put to the background that we're going to have to get down to pretty soon. But we haven't done this purely and simply because we haven't had the time."

When a few workers began to fall ill and have accidents though, it was realised that there could not be further delay. The need for a scheme was discussed at the 21 July Council meeting, the general manager approached insurance agents but was advised that in the SDN's present position a scheme could be financed more economically internally. It was agreed that 66% of normal wages less Social Security benefits would be paid for a period not exceeding six weeks to those off work through sickness, and thereafter cases would be subject to review by the Council. Yet, "an effective date for the commencement of the scheme was not established." (WCM, 1 August 1975). Despite this delay in implementing standard employment provisions there was a remarkable absence of protest from the chapels.

Serious problems concerning wages and conditions did begin to appear on the horizon at the SDN, which threatened to erupt in conflict. Eric Tough the general manager pointed out in his third report of the 2 July that:

"We may face, sooner than we had expected, wages pressures since imminent awards in the print industry will make our employees very poor relations. We may have to face losses of staff with a wage structure which, even now, is making recruitment difficult."

The looming dilemma the newspaper faced was that people simply looking for work were put off by the low pay at the SDN, whereas those attracted by idealism to the co-operative, even to the point of giving up much better paid jobs elsewhere to join the SDN, were repelled by Robert Maxwell's assumption of control, which drove a number of idealists to early resignations. Thus Maxwell could proudly declare:

"..... Miracles have been performed in doing what has been done. Very little has been said about the incredible spirit of the workforce. These people are working for virtually nothing on frozen wages out of idealism." (Scotsman, 5 June 1975).

But the point was that the self-sacrifice was for a co-operative newspaper, not for him. The financial journalist, James Russell, having resigned from the SDN in September and secured a job with a rival newspaper the Glasgow Herald, accurately expressed the sentiment of many of the SDN workers thoroughly disenchanted with what had become of their enterprise:

"As a newspaper the Daily News could survive, but the conditions under which people work will become harsher, bordering on a non-union shop, even if still unionized. It can succeed in some form with Maxwell, but not as a co-operative. No one can work with Maxwell, only under him. I was prepared to drop two thousand for a co-operative. But not for Maxwell. That would be just a change of bosses. As inflation bites into people's wages, they will be working for half the wage they worked for under Beaverbrook. There will be trouble, and the talented workers will drift away."

Manning and Demarcation.

In the national newspaper industry the aim of chapel bargaining to maximise earnings is significantly tempered by the aim to maximise employment. (Sisson, 1975, pp 112-3). To defend and extend employment the chapels have sought to control the supply of labour, and to carefully delineate the boundaries of job tasks:

"From the unions' point of view, the overriding objectives were to protect employment in the industry from outside incursion, to maximise (and at least retain) their individual claims on jobs within the industry, and especially latterly, to ensure that job opportunities were fairly distributed among their own members. These objectives have given rise to strict controls on entry into the industry, fine definition of demarcation lines, the often fierce struggles over job'ownership', and the increasing regulation by unions of working patterns of members." (ACAS, 1976, p.27).

The desire to preserve employment provoked hostility to productivity deals, or 'comprehensive agreements', which involved considerable job reductions. "Some chapels refused under any circumstances to negotiate comprehensive agreements involving a reduction in the number of jobs. Most refused to negotiate comprehensive agreements involving such reductions in the latter part of the period.(the 1960s) because of the unemployment in the printing industry." (Sisson, 1975, p.112).

Because of its low manning, the SDN was often portrayed in the media as essentially a job-cutting exercise, although the SDN workers themselves, primarily looked upon it as an endeavour to create jobs. Andy Riley said: "We re-employed all the SLADE men who were still unemployed (from the Express closure), plus we've managed to create three new jobs. To me this is one of the best things about the co-operative, that we are starting to create jobs for men who have absolutely no chance of getting a job elsewhere." Of course both views were accurate: in recruiting labour to start up the SDN, unemployed workers were given

employment, at the same time as the appearance of the SDN threatened the jobs of workers in rival newspapers that were experiencing difficulties, and potentially undermined the manning levels attained by the chapels in all newspaper offices. Many SDN workers, in their total commitment to the newspaper, remained oblivious to the contradiction that it resembled a self-imposed productivity deal: Joe McGowan argued "As far as I'm concerned we've trimmed the staffing - agreed of course by the trade unions before we even started - down to the barest minimum, on the surmise of course, that it's easier to start staff than it is to fire them. And this has worked very well, because we were originally understaffed in certain departments yet were still coping. It means an extra pull out for the boys - but then this is what we're talking about with the workers co-operative spirit, you know, because the boys that have been pulling out find it difficult in some departments. So far as the trade unions are concerned, we're not breaking any national agreements, and the flexibility gained is mostly in house agreements. The unions are prepared to settle for this to a certain extent, to see how this experiment works. There's no time limit on it - but I daresay that if it went on too long, and things started to happen, then demarcation lines would soon come in. But so far the unions have been pretty good."

It was acknowledged, though, that NATSOPA was particularly under-staffed, and Doddy MacKoskill, a veteran of numerous campaigns against productivity schemes, was conscious of the dilemma the co-operative faced:

"Can I take you right back? I worked in the trade years ago. When we used to fight for men not money. At one time when we went to management we used to fight for jobs. We went for jobs all the time. Manpower. To get the men employment. Now we've come on 30 years, we've done well out of this, and the union is strong, very strong. The

minute we started comprehensive schemes, the minute comprehensive and productivity schemes came into it, what happened then? Y'know, the time and motion men came in. It was a case of then - I don't know if you can blame the workers for this - greed came into it, money came into it. And it was a case of doing away with the conditions we'd fought for over years and years - getting employment for men, good working conditions, good wages. It took donkeys years of struggle and strife to get this. I mean donkeys years - long before I ever started this game. And comprehensive schemes came in more or less overnight. Once it happened, what people had fought and strived for all their lives, just went like that - bang ! Whether it was a form of brainwashing into this attitude of greed I don't know, all of a sudden, men started to say - 'You can do away with so many jobs here, this puts X amount of pounds on our wages.' If you consider, for arguments sake, you've got 50 men in a department, and a year later there's 30. OK, they're earning more, but they're working harder - a lot harder. It's got to the stage, when you come into work, you're working straight through, with $\frac{1}{2}$ an hour mealbreak, and then work straight through till the evening. I've worked on newspapers where it was a job even getting to the toilet. I mean that. Everything people had fought for over the years - wages and conditions - were tossed out of the window. So we'll take it a step further. This place closes. Beaverbrook throws the workforce onto the streets. This is a workforce, the majority of which never knew what it was like to be unemployed. Well all of a sudden they realise what its all about. They realise it's not easy to get jobs, in some cases it was age against them, in some cases they weren't competent in other fields, anyway they realised they couldn't get other work. So some banded together and decided to start this set-up. We were told this would never get off the ground - an impossible dream. Yet the dream came true. It started up. What I want to know - is it a good thing in the way we've tied our wages down? Y'know this is something I canna really answer, I don't know who could answer it. Because we've cut ourselves,

staffing wise, the conditions we used to enjoy, they're no longer there. We've plenty of flexibility that we've never known before."

An interesting paradox at the SDN was that despite the under-manning, because of the shortage of funds, traditional labour-intensive forms of technology were employed. Doddy MacKoskill was appreciative of this point, and pessimistic about the future for labour in the industry:

"We're starting men, when every other newspaper in the country is automating. The Daily Record is one of the most glaring examples, they've web-offset. The Record is automating to such an extent that you don't have a case room as such, there are no crowd of men like we've got in the case room up here over at the Record office. The different departments that we have in this building are obsolete over there, and throughout the nation. And they're bringing in new machines that are going to slash the machine men and the despatch. The despatchers don't have to touch anything in their hand at all. The days coming, through automation, when the majority of people in this trade are gonna be obsolete. We're in the fortunate position being a workers' enterprise, that we don't have the money to involve ourselves in any of this, we don't have it. As our circulation rises, we'll employ more people. But if we were a millionaire outfit, one of the multi-millionaire outfits, we'd be bringing automation in. This is the different method - we're employing people, they're doing away with people, that is the difference. I went round Outram's despatch department, I saw six girls and seven machines. I said, 'Where is your despatch department?' They said, 'That's it!'. Six girls pressing buttons, that was your despatch. Everything was automated. Everything. Six girls pressing buttons. The machines are French, they have a computer code, and you stick the programme in, and the machines do everything for you. The copies are bundled and tied and come out ready for delivery." (Needless to say that institutionalized sexism pervades the newspaper industry, and in the past, practically no

women have been employed in production areas). (Cockburn, 1983)

The SDN had no policy on computerized production technology and given its financial position, it certainly was a remote question, but there would have been considerable resistance to any redundancies accompanying such development. Ronnie Gibson insisted:

"We would never be concerned to cut men's livelihoods, to cut their jobs through automation. If we were making a profit, and if other newspapers were interested in making a bigger profit by doing away with men's jobs, and men's livelihoods, and men's families, fair enough they'd go for automation, they'd do that. But as long as we're making a profit, and able to sell the newspaper as a good newspaper, with the content in it, then there's no reason to do away with dispatchers or do away with machine men, or do away with van drivers. They have to satisfy big business, we don't. We satisfy ourselves. That's the difference. We're trying to make a living, if we can produce a newspaper that's viable, that's selling over 200,000 copies, then we've nothing to worry about you know. If it ever comes to the point that we're having to do away with guys then I won't be here to see it. Not in a workers co-op. No way. Because then we wouldn't be a workers co-op."

Doddy MacKoskill agreed:

"Where big business steps in, capitalism steps in, they're only interested in profits for them, not for the workers. But we're interested in giving workers a job. Giving x amount of workers a standard of living, a job, something for them to take home to their wife and bring up their family. This is what we're trying to do. Big business - they're trying to do without people, a couple of robots would do them, a couple of computers. It will happen in our lifetime. Because the changes I've seen in the newspaper trade since the time I started at 14 years of age, have been fantastic, especially in the last few years. It's been fantastic."

In the context of such unstable and insecure employment, demarcation potentially was an explosive issue at the SDN, as it consistently is in the rest of the national press. The fact that it never became a problem was a result firstly of the co-operative spirit of flexibility, which allowed 'diplomatic demarcation' to extend to the temporary performance of related duties when necessary due to staff shortages. But secondly, and probably more importantly, was the fact that the traditional demarcation was so instilled in the SDN workers, that they would never have dreamt of seriously breaching it, as Jimmy McNamara put it, "Demarcation was never a real problem, because in the print industry, the lives are so defined. And they're still defined to a certain extent." Whilst allowing journalists to use the library when no librarians were on duty, and allowing despatch workers to help out in the machine room when necessary were regarded as revolutionary by many SDN workers, and would have greatly surprised fellow print workers, they did not amount to a serious dismantling of demarcation in the interests of co-operative development.

Disputes Procedure and Industrial Conflict.

Both the national newspaper industry and the provincial industry have elaborate formal disputes procedures. Most procedures have several stages through which a grievance travels in search of resolution, beginning with the chapel FOC and the overseer, then chapel representation to more senior management, culminating in a reference to a joint committee appointed by management and unions, which ultimately has the power to appoint a referee whose decision is final. Normally hostile action by either side is forbidden with the status quo to prevail until a decision is reached or the procedure is exhausted. Stoppages or other forms of industrial action are therefore formally prevented without recourse to the disputes machinery. (ACAS, 1976, pp 298-301; ACAS, Cmnd 6810-2, p.49). In practice disputes procedures are frequently ignored in the national newspaper industry, and occasionally in the

provinces. Most disputes occur suddenly in response to a change in production or work organization; as such the disputes are highly perishable in nature, status quo clauses are ineffective in the face of a determined management, and if industrial action was not taken immediately then the case would be lost. Thus most industrial action takes place quickly after a grievance arises in the national industry, usually within 24 hours, or at the most seven days. (ACAS, 1976, p. 297).

Under Beaverbrook at Albion Street the conflict between the chapels and management had been intense and more or less continuous, without regard to procedural formalities. As Jimmy McNamara the engineers FOC at the time, said laughing:

"There wasnae a disputes procedure previously. You screwed Beaverbrook for as much as you could get ! There was no disputes procedure. Beaverbrook management was so weak, er, you just told them what you wanted, threatened not to produce the paper, and you got it ! There was no disputes procedure ! There may have been one laid down in national agreements, but we didnae bother with that y'know."

Therefore there was a particular pride at the SDN in the comprehensive disputes procedure adopted, which was pointed out to potential investors as another guarantee of the harmony and efficiency of the enterprise.

The SDN Discussion Document claimed:

"An analysis of disputes indicates that most disputes arise from grievances over wages, whether it be for an increase for the establishment of a differential, reducing the differential, or quite simply keeping one chapel's wage rates up with the other chapels.

In the SDN, therefore, with an agreed and universally understood wages structure, the areas of dispute would appear to be minimal. However, with the best intent in the world, it is still conceivable that disputes will arise occasionally either between the individual and management or the chapel and the management. It is for such occasions that the

following disputes procedure has been adopted.

The underlying principles behind the procedure are that the individual or chapel must have every facility open to him to defend himself or to present his case, yet at the same time ensure that production, as is so often the case, will not be the first casualty in the event of a dispute."

In fact many of the disputes in the national newspaper industry, as in most other industries, are not over pay or differentials, but over work organization, manning, physical conditions of work or other matters on which there was at least as great a likelihood of grievances arising at the SDN as at other newspaper offices. (1976 p.296). The procedure itself was conventional in appearance but contained a unique feature that was a result of the workers co-operative status of the enterprise:

1. In the first instance the dispute will hopefully be resolved at shop-floor level.
2. In the event of there being no solution at this level, the case will be referred to the Works Manager.
3. Again, failing satisfaction at this level, the representatives of the member or chapel may take the case for consideration to the FOC's Committee. The committee will then make a decision either to lend its support to the claim or grievance, or to reject it. If necessary a special meeting of the FOC's Committee will be concerned within 48 hours to discuss the grievance.
4. The next move is for the representatives of the FOCs Committee and chapel to refer the matter to the Works Council.
5. If unresolved, the chapel can invite their union official to intervene by a further approach to the Works Council.
6. Failing satisfaction, the case will then be referred to an Advisory Council comprising of union branch secretaries.

7. It is hoped that the findings of the Advisory Council will be binding on both committee and chapel. But a member or chapel, if still unsatisfied, has the right thereafter to process the matter through normal trade union machinery.
8. It is understood there will be no hold-ups in production during the course of these proceedings.
9. Chapel meetings held during the hours of production will not interfere with the production of the paper.
10. In the event of a national union calling for a stoppage, the Disputes Procedure will not apply.
11. Where there is a demarcation dispute, such a dispute will be resolved between the unions concerned.
12. Acceptance of this procedure will be a condition of employment on all employees."

The remarkable aspect of the disputes procedure was that after the second stage the management of the co-operative, except in their minority representation on the Works Council, were formally excluded from any influence over the resolution of grievances. The chapel officials and the union branch secretaries were given the power to settle disputes at the SDN without reference to management. It would have been fascinating to discover how this procedure worked in practice, but amid the crises which afflicted the SDN, in another testimony to the inevitability of informality, the procedure was never used:

"In the event, of course, the disputes procedure was never put to the test, the workforce were always far too busy producing the newspaper, attending meetings or wheeling and dealing to think of pursuing internal disputes through this cumbersome procedure." (McKay and Barr, 1976, pp.87-8).

In the six months that the newspaper was published there was not a single incident of conventional industrial action carried out, though on several occasions it was threatened. The basic reason for this was that the circulation and finances of the SDN were so precarious that

the shortest stoppage could have proved critical. Another reason was that the democratic management structure made conventional industrial action seem inappropriate, as the chairman, Allister Mackie put it with deceptive simplicity:

"When we meet the FOCs they know that we are

- a) sympathetic
- b) subject to the opinions of the workforce, and,
- c) will be removed from office if we make decisions against the interests of the workforce.

There will be aggro only if the paper does not go well, in which case they can get rid of the Works Council. They need not bother going on strike, just remove the people running the company and change the company policy."

Andy Riley, the SLADE FOC endorsed the view that close communication existed between the Works Council and Federated Chapel.

"There are going to be wee problems but these can be ironed out long before anything really tragic happens. The Federated Chapel can get round the table and hammer all these points out. We've had quite a few meetings and quite a lot of agreement, and some disagreement. But to me this is where the co-operative can't fail, because we get to the hub of a matter immediately. You can have all the FOCs, Works Councillors and management round a table and they can iron out any problems practically there and then. To me this makes the running of the place 100% easier."

Yet the democratic organization and channels of communication at the SDN were not, in the event, adequate to the pressures that the enterprise encountered, and in the course of tackling these problems the democratic structure all but disintegrated. The insistent and unpredictable pressures of market forces and proprietorial and managerial intervention which primarily determine outbreaks of industrial conflict when they encounter entrenched chapel resistance in the national newspaper

industry, were channeled into the Works Council at the SDN where the few shopfloor representatives met them head on. The intense struggle which normally takes place on the shopfloor between management and chapels, temporarily at least at the SDN, was displaced upwards into the Council. In particular the almighty rows and acute bitterness accompanying Robert Maxwell's interventions in the Council wreaked havoc with industrial relations. Whatever benefits there were in the transformed industrial relations of the SDN were eradicated in this conflict, and the conclusion of McKay and Barr must be endorsed: "One thing at least can be said with utter confidence - the intervention of Maxwell in the Scottish Daily News effectively ruined the project as a test-bed for new industrial relations in the newspaper industry, or in industry in general" (1976, p.120).

Management

Writing about the SDN in the Observer, Robert Heller, the editor of Management Today argued:

"..... No conflict need arise between the Bennite ideal of co-operation, participation, and industrial democracy and entrusting decisions to a potent, in some respects omnipotent, management." (22 June 1975).

This is a view with which Eric Tough, the general manager of the SDN would have happily concurred, the problem was SDN workers did not see it that way. Thus Heller continued:

....."The managed, given the opportunity, insist that managers must manage them. Nor is this some atavistic touching of the forelock; merely realistic appreciation that business must draw on many skills which include those of tactical and strategic direction and that any manager who dodges his clear duty isn't worth a groat of pay."

That this analysis was rooted firmly in managerial rationalization was clearly revealed at the SDN where close constraints were put on the power of independent decision making by management. Though workers

representatives on the Council and in the chapels were prepared to acknowledge the need for management skills, they were not prepared to allow the management to use the possession of these skills as the means of seizing control of the direction of the enterprise.

The small SDN management team that, however painfully for them, had to learn to work within these constraints, at least until they could erode them, was headed by Eric Tough who had taken a year's sabbatical from PA Management Consultants Limited. Tough, with a background in engineering and the Royal Navy, was a veteran of over 200 assignments covering 24 years, including 'streamlining' more than 30 printing and publishing houses. Yet the SDN held a special attraction for him:

"As a consultant, I've worked on about two hundred and thirty assignments over twenty-odd years. It's one of the few places where I stay late at night, not because I have to, I find it extremely hard to drag myself away when all the magic begins to happen at 8 o'clock at night."

(BBC2, 10 November 1975).

Tough had little ideological commitment to a workers co-operative newspaper, rather, what interested him was the technical challenge of making the enterprise work efficiently and profitably, while in the process proving his managerial skills in a difficult environment:

"I'm not a Socialist, quite frankly. But I've become terribly emotionally involved. I came here on sabbatical leave because I believe that a workers' co-operative can solve many problems. But politically I'm neutral, a political atheist, if you like, a pragmatist."

(Sunday Times, 11 May 1975).

Other members of senior management included Jimmy Galt, advertisement manager; Douglas Ferguson, Circulation manager and Jimmy Roy, production manager; all of whom were drawn from the ex-Beaverbrook management. In addition there was a stream of people who held the post of company secretary, including Lawrie Hooper and Iain Bain, and others,

including Bain and Rankin Durnin who were financial controller. Some of these managers had a greater dependence on the SDN than Tough as the source of their employment; others held idealistic or nationalist views; and all avoided the direct clash with the Council that Tough almost daily experienced. However, although they were given much greater freedom to attend to their respective duties than was the general manager, since the Council's directives were channelled through Tough, there was some evidence that they were uncomfortable with the workers control structure of the SDN and sympathised greatly with Tough's predicament.

Whatever his misgivings about the control of the SDN Eric Tough adopted an enthusiastic approach to managing the enterprise. He prepared detailed and comprehensive monthly reports for the Council and workforce which not only contained much vital information, but also could perform an important educative function. In his first lengthy report of 21 May 1975 Tough provided a breakdown of sources of capital (Table 11); expenditure from settlement day to launch day (Table 8); and, in anticipation of the production of monthly trading statements, a helpful explanation of the economics of newspaper production presented in Table

Table The Economics of Newspaper Production:
SDN General Manager's Report Number 1 - 21 May 1975.

How to calculate the main items of revenue and expenditure and show how they affect SDN viability.

REVENUE

Two main sources of revenue:

CIRCULATION

ADVERTISEMENTS

CIRCULATION REVENUE

Cover Charge per copy	=	6p	
Gross Revenue per 1,000	=	6,000p	
	=	£60.	
Discount to Distributor	=	37.8%	= £22.68
Thus, Gross Circulation Revenue			= £60.00
Less Discount			= <u>£22.68</u>
Gives Income per 1,000 of			£37.32

And at 300,000 per day Gross Circulation

Revenue would be 300 x 37.32 = £11,196 per day.

ADVERTISEMENT REVENUE

Standard Rate	=	£1,230 per full page
Average Pages in Paper	=	16 per day
Target Percentage of Space for Adverts	=	44% = 7 Pages
Therefore Revenue	=	7 x £1,230 per day
	=	£8,610 per day
After Allowing for Bad Debt	=	£8,500 per day

FORECAST OF TOTAL DAILY REVENUE

Assuming circulation of 300,000 per day with 44% allocated to advertisements.

Circulation Revenue	=	£11,196
Advertisements	=	<u>£ 8,500</u>
TOTAL INCOME	=	<u>£19,696 per day</u>

EXPENDITURE

Two main categories of Expenditure

WAGES

NEWSPRINT

Remaining expenditure called 'Other Expenditure'.

WAGES EXPENDITURE

Pay of around 500 people (including employers share of National Health Insurance).

Production	=	£17,244	
Editorial	=	£ 7,144	
Advertisements	=	£ 1,269	
Circulation	=	£ 1,441	
Financial and Administration	=	£ 1,750	
Total Payroll	=	<u>£28,848</u>	per week.
or	=	<u>£ 4,808</u>	per day

NEWSPRINT EXPENDITURE

Currently paying with exchange variances around		£155.00 per tonne
At 16 pages, usage	=	6,500 copies per reel of $\frac{1}{4}$ tonne
At 300,000 per day usage	=	34.6 tonne
	=	<u>£5,899 per day.</u>

OTHER EXPENDITURE

<u>ITEM</u>		<u>PER WEEK</u>
Ink and Metal	£	1,500
Plant Hire	£	750
Plant Repairs	£	961
Editorial Travel	£	918
Editorial Contributions	£	1,185
Agency Costs	£	948
Electricity	£	540
Gas and Water	£	280
Rates	£	770
Property Repairs	£	195
Telephone	£	400

<u>ITEM</u>	<u>PER WEEK</u>
*	
Interest - Dept. of Trade & Industry	£2,200
Interest - Beaverbrook	£ 750
Continuing Promotion	£1,000
Distribution	£2,832
Circulation Costs	£ 200
Advertising Costs	£ 67
Depreciation of Cars	£ 120
Other Office Costs	£ 150
Professional Fees	£ 200
Stationery	£ 350
Plant Depreciation	£1,683
Insurance	£ 400
	<hr/>
PER WEEK	£18,399
	<hr/>
PER DAY	£3,067
	<hr/>

* (DTI interest charges will not commence until May 1977)

CONTINGENCIES

Whilst we can accurately forecast most costs we must allow for costs which we cannot at present determine and for increased prices which we cannot pass on.

These contingencies we take at £833 per day.

TOTAL EXPENDITURE PER DAY

WAGES ..	£4,808	(Fixed)
NEWSPRINT	£5,899	(Variable)
OTHER COSTS	£3,067	(Fixed)
CONTINGENCIES	£ 833	(Fixed)
	<hr/>	
TOTAL	£14,607	per day
	<hr/>	

COMPARISON OF REVENUE AND EXPENDITURE

TOTAL DAILY REVENUE	=	£19,696
TOTAL DAILY EXPENDITURE	=	<u>£14,607</u>
SURPLUS	=	<u>£ 5,089</u>

ECONOMICS OF NEWSPAPER PRODUCTION

Many people ask, "What is our break-even point?". There is no single break-even point since our revenue is part circulation, part advertisement.

I have prepared, therefore, a table showing which combinations of daily circulation and daily advertisements we need to meet our Fixed Daily Costs. But first, an explanation of how this is prepared _

Newsprint is not a fixed cost since its usage varies with circulation. Therefore if we deduct both discount to distributor and the cost of newsprint from the cover charge of 6p, we will get the net revenue to us of each newspaper.

At 6p Cover Charge ;

Gross Revenue per 1,000	=	1,000 x 6p	=	£60.00
<u>Less</u> Discount at 37.8%		£22.68		
Newsprint		£19.66	=	<u>£42.34</u>
Net Revenue per 1,000				<u>£17.66</u>

Fixed daily costs

WAGES	£4,808	
OTHER	£3,067	
CONTINGENCIES	<u>£ 833</u>	
	<u>£8,708</u>	per day

Knowing that our fixed costs are £8,708, we can draw up the following table to show the minimum Advertising Revenue we require at any level of Circulation to meet our fixed cost - i.e. To BREAK-EVEN.

Composite Revenue/Expenditure Table for Break-Even Conditions.

CIRCULATION DAILY	NET DAILY CIRCULATION REVENUE/PER @ £17.66/ 1,000	MINIMUM ADVERTISEMENT REVENUE DAILY	TOTAL REVENUE DAILY	ACTUAL CASH COSTS
175,000	£ 3,091	£ 5,617	£ 8,708	£ 8,708
200,000	£ 3,532	£ 5,176	£ 8,708	£ 8,708
225,000	£ 3,973	£ 4,735	£ 8,708	£ 8,708
250,000	£ 4,414	£ 4,294	£ 8,708	£ 8,708
275,000	£ 4,855	£ 3,853	£ 8,708	£ 8,708
300,000	£ 5,296	£ 3,421	£ 8,708	£ 8,708
325,000	£ 5,737	£ 2,971	£ 8,708	£ 8,708

This kind of educative material which the general manager provided for the workforce would certainly assist an understanding of the finances of newspaper operations, though in an orthodox and uncritical way. The basic economic structure of the newspaper, particularly the dependence on advertising consistently was presented as incontrovertible: something to which the workers newspaper would have to adapt rather than overcome. Whilst financial information was necessary if workers were to understand and control the enterprise; since it was essentially a conventional commercial undertaking, operating in a market system, the information presented was clearly intended to make the workers into better capitalists, rather than more enlightened socialists or trade unionists. Thus the general manager hoped that in acquiring the information in the reports, the Council members and workforce would acquire the underlying values; as he emphasized in the introduction to the first report: "The fact that we are a Co-operative, poses the problem of how to keep you, the Workers-Shareholders, fully informed without publishing information which is of vital interest to our competitors. I have included in this

Report, therefore, general background statistics which you can then relate to more confidential data which will be released to you in a more security oriented manner, e.g. By limited display on notice boards or returnable leaflets passed round the departments.

May I please stress that we are in business, a fiercely competitive business in which our competitors know every trick in the game. Everything that happens in this building must be regarded as confidential. It is YOUR COMPANY, YOUR MONEY, YOUR JOB. Do not discuss in Public anything which will endanger your interests. Success brings success.

Whatever happens to cause you concern, discuss it in the Building and present the shining face of success to the Outside World."

If the SDN workers had absorbed much of this secretive, competitive enterprise consciousness, then not only would their relationship with their working class readership be damaged, but also their links with fellow print unionists would be severed.

In addressing the commercial problems of the SDN, Tough, supported by the rest of the management team, concentrated purely upon a restricted market conception of these problems, and devised appropriate solutions on this basis. The critical position of advertising revenue was never adequately recognised, tending to be concealed by shallow optimism about 'slight improvements'; but when the shortfall in advertising revenue was discussed by management it was treated as the predictable result of 'left-wing bias' in the newspaper which they felt must be corrected, though this view was initially rebuffed by the shopfloor Council members: "When he (Tough) suggested that the content of the paper in the first month had a left-wing bias which was having a disastrous effect on advertising prospects he was told, sharply, that the Scottish Daily News was more than just a commercial enterprise, and if principle conflicted with commercial expediency, principle would take precedence. It was a frustrating position for Tough, finding himself overruled in

commercial matters by men who had no experience of the commercial world." (McKay and Barr, 1976, pp 90-91).

Though the management did not explain fully what they regarded as the right direction in the "commercial matter" of editorial policy, it was obvious that they wanted the SDN to conform to the pre-established limited pattern of the existing popular newspapers, without even the slight excursions into more radical or adventurous journalism that the SDN attempted. Similarly, in promoting the newspaper, instead of considering any special characteristics the SDN displayed, and attempting to build up readership through the labour movement, the management simply resorted to standard promotional techniques including television and radio advertising, football ground signs, posters and competitions. In its brief life the SDN ran over 12 competitions, ranging from spot-the-ball to recipes: there could be no finer indication of the competitive and individualistic orientation the newspaper was taking.

Propelling the SDN as rapidly as possible in a commercial direction, editorially as well as organizationally, the SDN management team nevertheless were prepared, in the last analysis, to accept the authority of the Council and to work within that authority until they could gradually change it. Though they were strongly opposed to the idea of workers control, they could see the advantages of a system a worker participation in a co-operative structure, which they were eager to develop. Therefore the SDN management, particularly Eric Tough, resented the overbearing intrusions of Robert Maxwell, almost as much as the shopfloor Council members. For example when it was suggested to the executives that Robert Maxwell be informed of the need for national advertising from the South, the suggestion was not supported as it was thought the existing advertising team could cope. (WCM, 1 May 1975). Successive interventions by Maxwell promptly brought a string of executive resignations, and when Eric Tough himself resigned upon Maxwell's assumption of executive powers he declared, "It was impossible to

reconcile this with my position as reporting directly to a democratically-elected committee. I am not disillusioned with the workers' co-operatives, although I am disillusioned with worker control as practiced in the Scottish Daily News." (Scotsman, 7 August 1975).

Production.

The actual production of the SDN was extremely efficient. Though he had experience of many other printing and publishing houses, Eric Tough often commented that the Daily News was the best printed paper he had ever known, the only problem for him was the editorial content. This production success was achieved in the face of unusually difficult conditions: staff shortages, the absence of modern machinery, and the constant attention to economy could never have been overcome without considerable effort from the workers. Allister Mackie was singularly proud of this achievement:

"The amount of effort put into the newspapers was hitherto missing in the Scottish Daily Express. The standard of printing was higher than ever in the Express, and the machinery was in much better condition. The workforce are now experimenting with colour printing, which they refused to do under the Express. We had to dig out the colour prints which had not been used for eight years!"

In his first general manager's report, Tough maintained, "Since the bulk of our workforce are employed in production departments, most people will be aware of our progress. Workforce, overseers and department heads have done a magnificent job in tackling and overcoming what other people had regarded as insurmountable problems. There remain only the normal irritations one finds in any enterprise and we must continue to cope with these with understanding and effectiveness. The great problems will always be - Good Copy; Copy On Time; Pages Away on Time;

Distribution According to Plan." (21 May 1975).

There were many examples of time and cost savings in the normal commercial production of the SDN. One of the more spectacular cases of this was that 'sheeting up' the presses to begin printing had taken 200 working hours under Beaverbrook, and now took three hours. Major tasks, which might have taken months, or even years to complete in a conventional newspaper, primarily due to the lengthy negotiations necessary before anything could be done, and which would entail paying substantial amounts to a reluctant workforce, could be achieved at the SDN quickly and with little cost. This was proven in the mammoth overhaul of the building and plant necessary to launch the newspaper, which was completed in a matter of weeks, with people working 12 hour, unpaid shifts. Again it was shown in the conversion from broadsheet to tabloid: engineers and machine managers could complete a normal shift and then start the conversion work without extra pay. What was generally assumed to be a complicated and expensive process in the newspaper industry, was proven by the SDN to be a relatively simple operation, which probably was one of the factors which later influenced other newspapers, including the Daily Express itself, to convert to tabloid. The high standards of production which were maintained at the SDN, made it doubly unfortunate that this was not matched by the standards of journalism achieved in the newspaper.

Although primarily proof of the superiority of the co-operative form of organisation to capitalist control, unfortunately the productivity achieved at the SDN was also an embarrassment to other print workers, in that it undermined their case when negotiating changes in production and manning with their own management. The life of the SDN was too brief for embarrassing comparisons to be a serious problem, but potentially they could have become so, particularly for other Scottish newspaper workers, which was the irony at the heart of the SDN experience.

INDUSTRIAL DEMOCRACYThe Vulnerability of Worker Directors.

In the discussion of the advantages of the SDN company structure the prospectus maintained:

"For a number of years there has been a growing interest, both in the United Kingdom and in the European Economic Community, in the subject of employee participation in the management of businesses. Although there are differences with regard to the quality and degree of such participation, as can be seen on examination of the series of draft directives on this topic issued in recent years by the Commission of the European Economic Community and the various proposals put forward in recent years by the major political parties in the United Kingdom, it is clear that some form of employee participation is likely to become part of the corporate structure of companies in the United Kingdom." (SNE, 1975,p.7).

The EEC proposals intended to make a common legal framework for a 'European Company', were based on the idea of supervisory company boards, with one third of the members elected by shareholders, one third by employees, and the rest of the board representing outside interests; together with Works Councils intended to elicit the involvement of all workers. (EEC, 1975). Influenced particularly by the EEC proposals, the TUC was persuaded to abandon its previous scepticism towards the idea of worker directors, and came to embrace the idea of worker directors in both public and private industry, despite the resistance of major trade unions to becoming embroiled in the directoral affairs of capitalist companies. The TUC recommended supervisory boards (though this was later changed to management boards), with fifty per cent worker representatives elected through the Trade Union machinery. (TUC,1974.Clarke,1977)

The experiment in worker directors at the Scottish Daily News therefore

occurred at a critical moment in the development of the debate on industrial democracy in Britain. Shortly afterwards, the debate reached a climax with the publication of the Report of the Committee of Inquiry on Industrial Democracy, appointed by the Labour Government, under the chairmanship of Lord Bullock, to examine how worker directors could best be achieved in the light of the proposals of the TUC. (Cmnd 6706,1977). The central recommendation of the majority Report was for the establishment of management boards with equal representation of worker and shareholder representatives, plus a third group of co-opted 'independent' directors. A major emphasis of the Report was that worker directors should complement, rather than rival, trade union collective bargaining:

"Since trade unions are necessary to ensure that employees have an effective voice in decision-making both within the company and within the wider society, we wish to ensure that board level representation is designed in such a way that it does not undermine the unions' representative capacity. There are also other reasons why employee representatives on the board should be based on a single channel of representation through trade union machinery. Such machinery would provide the expertise and independent strength necessary to support employee representatives and to enable them to play an effective role in decision-making on the board. It would also provide an established and trusted channel of communication to and from the shopfloor through which employee representatives could keep in touch with their constituents. Perhaps most important, integrating employee representatives into a wider system of representation based on trade union machinery would be the most effective way of ensuring that board level representation did not conflict with collective bargaining but that the two processes operated in a mutually supportive way."

The fundamental conditions which would provide for a "radical extension of industrial democracy" were therefore regarded as firstly, "parity" of worker representation and shareholder representation on boards, and secondly, a "single channel of representation through trade union machinery". It is interesting to examine how the experiences at the SDN compared with the expectations of the Bullock Report.

On the SDN board, worker representatives had more than parity, they had a 6:4 majority. This was decided on principle, to ensure that SDN workers, through their representatives on the board, would retain control of all major decisions, and that while management and shareholder representatives were present in an advisory capacity, they would not have the power to control the board. To an extent, this decision was legitimated by the fact that the SDN workers were themselves the major shareholders in the enterprise with a total of 37.6% of shares, including employee and ordinary shares. But it seemed obvious to most of the active trade unionists at the SDN that if they were to control the company, they needed to be in a majority on the board and conceptions of "parity" seemed weak in comparison.

The initial experience at the SDN, particularly during the month spent setting up the enterprise, was that the majority of worker representatives were able to direct decision making and place close restraints upon the discretion of management, much to their resentment. However, upon commencing trading, a process of attrition of the power of the worker representatives began. The demands of the SDN management, and sometimes the demands of Robert Maxwell, were backed by insistent commercial market pressures which the worker directors found increasingly difficult to resist as the fortunes of the SDN plummeted. The independent orientation of the worker directors was weakened, which lends support to Batstone's criticism, submitted in a research paper to the Bullock Committee that :

"There is pressure to change the views of the worker directors

rather than the policies of management. The worker director is used both directly and indirectly as a lever in the hands of management ... Parity of representation appears to be an important condition to ensure that worker representatives become integrated into the informal processes of debate and information exchange. But in doing so they tend to become even more integrated into a managerial perspective". (1976, pp 25,40).

The result of the erosion of the worker directors' influence was a reassertion of the primacy of commercial considerations in the pursuit of profitability, and a neglect of workers own interests where they extended beyond this, which is the common outcome of co-determination. (Davies, 1976, pp.65-66).

The attrition of workers power at the SDN was abruptly accelerated with the AGM which removed two of the most determined worker directors and replaced them with Maxwell, the major individual shareholder, and Goldberg, the assistant editor. From this point the worker directors were dependent upon the outside directors elected through the Investors Council for a majority. Maxwell's repeated and ultimately successful bids for power at the SDN were reinforced both at the board level, and more dramatically still at the mass meetings, by the market forces which pressed in upon the enterprise, which he vigorously interpreted as meaning that the SDN must abandon the policies of the Council, place control in his hands, and produce a thoroughly conventional and commercial popular newspaper. Maxwell, in a matter of a few months was able to overturn a worker director majority on the SDN board and take full control himself. Though Robert Maxwell possessed many unique qualities of entrepreneurial aggression, in attaining his position he did not have the help of the "parity" management representation which the Bullock proposals allow. He enlisted the support of two ambitious shopfloor members of the Council, without whose services he could not have succeeded so quickly, but Maxwell's ascendancy essentially was not the work of

a management team but of one man. In fact the normal pattern of control of capitalist company boards is to have a strong and often omnipotent, managing director, supported by a small group of senior managers, whom he himself has appointed. (Davies, 1976, pp.57-62). There is little in the Bullock Report, or in the experience of the SDN, to suggest that this pattern of oligarchical managerial control could readily be broken merely by "parity" representation of worker directors at the board level. Management domination, of course, would be powerfully buttressed further by the retention of private ownership which Bullock envisaged.

The Remoteness of Worker Directors From Shopfloor Constituencies.

The greatest weakness of democratic organisation at the SDN was the dislocation of the worker directors from the rank and file workers organised in the union chapels, and the failure to adequately involve shopfloor workers in what their representatives were attempting to achieve at board level. This is a generally recognised problem of worker director schemes: "Defined as a limited-purpose instrument, co-determination simply waives its claim to involve the workers at the grass-roots, which is said to be hard to achieve in mass organisation anyhow." (Herding, 1972, p.320). The crucial division between the worker directors and shopfloor workers, which Maxwell freely exploited, reveals the importance of basing worker directors firmly within the shopfloor constituencies from which they are delegated, as Davies has maintained:

"European experience suggests that the employee representatives will be unable to stand out against the prevailing ideology of the shareholder/management representatives if they themselves are not firmly grounded in the constituency whose interests they are to promote." (1976, pp.82-3).

The Bullock Report itself was open on how worker directors should be selected and the constituencies they should represent, beyond insisting that election should be through trade union machinery:

"... The law should close none of the options. It should merely lay on the recognised trade unions in the company the responsibility to devise whatever method of selection seems most appropriate. They could agree, for example, that there should be a strict division of seats according to the relative strength of each trade union in the company and leave each trade union to decide how it would fill its seats. Alternatively, they might decide that the employee representatives should be chosen by and from the joint shop steward committee or its equivalent in the company. Or, they might decide to allocate the seats to constituencies in the firm - to blue - and white-collar workers, to management, to subsidiaries of the parent, or to different plants - and then hold elections by secret ballot to choose a representative from each constituency. Or, they might hold a secret ballot of all employees in the company, presumably restricting the right of nomination to recognised trade unions." (Cmnd 6706, p.118).

There were two elections for the Council at the SDN: in March 1975 an election by and from the Action Committee; and in June 1975 an election by secret ballot for all SDN employees at the AGM for the six worker representatives; though nomination was allowed by individuals rather than by trade unions, partly because all SDN workers were union members. The effect of allowing the election by the whole workforce of each shopfloor representative was that Works Councillors became free to address other chapels, which was unknown in the print industry; but a damaging corollary of this position was that their relationship with their own chapel became tenuous, the result being almost the same as having two channels of representation, which Bullock recognised was important to avoid. Moreover, as Table 17 shows, representation was concentrated in the larger craft chapels, and the smaller craft chapels and non-craft chapels did not secure the election of a single Council representative.

Table 16

SDN Works Council Shopfloor Representation.Approximate Chapel Membership 1975

CRAFT						NON - CRAFT			
NUJ	SGA	AUEW	NGA	EEPTU	SLADE	APEX	NATSOPA	SOGAT	TGWU
100	90	22	25	18	30	71	105	16	20

Election By and From Action Committee March 1975

NUJ	SGA	AUEW	NGA	EEPTU	SLADE	APEX	NATSOPA	SOGAT	TGWU
1	3	1	1	0	0	0	0	0	0

Election by Workforce At AGM June 1975

NUJ	SGA	AUEW	NGA	EEPTU	SLADE	APEX	NATSOPA	SOGAT	TGWU
2	3	0	0	0	0	0	0	0	0

In the March election from the Action Committee, chapels representing 260 workers or 52% of the total, failed to obtain a representative; at the AGM chapels representing 307 workers or 61% of the total, failed to obtain a representative. It seems obvious that this pattern of domination of an election for worker directors by the professional white collar, craft, and larger trade unions, would be replicated wherever a shopfloor election without carefully defined constituencies took place, and Bullock was certainly remiss in leaving the question so open. However, there is no simple resolution to the matter, and for example, allowing each union one seat on the Council as occurred at the KME co-operative, merely skews the misrepresentation in another direction.

Yet if the SDN shopfloor Council members had been based on union constituencies, then Maxwell and Goldberg would never have been elected shopfloor representatives, (though Maxwell would have remained on the Council as a shareholder member); the management and editorial staff could not have stood in their attempt to dominate the Council, and the Council members would have more fairly represented the shopfloor unions and potentially could have created closer links with the chapels. If, however, Council representatives had been chapel representatives also, then it is quite possible that union representation would have suffered even more, as it did at the KME co-operative, with the integration of shop stewards into conventional directoral roles.

The profound contradiction of worker director industrial democracy schemes is therefore, that if any other than trade union channels and trade union representatives are employed to represent the shopfloor, then this creates a rival source of representation and serves to undermine trade unionism. But if trade union representatives are used directly and shop stewards become worker directors, then given the systematic market pressures they encounter and the existing weaknesses in consciousness and organisation among the shopfloor workers they represent, steward worker directors, to a lesser or greater degree, become subject to management concerns which again serves to undermine trade unionism rather than extend democratic control.

Yet whatever formal constitutional arrangements concerning Council representation had existed at the SDN, it is almost certain that the enterprise would have succumbed eventually to Maxwell's advances, for the critical democratic weakness at the SDN lay much deeper, in the political disorganisation of the shopfloor. In fact it could be reasonably argued that, since the shopfloor Council members at the SDN were more resilient to the demands of Maxwell than were the rank and file members, if they had not been so distant from each other, then

Maxwell would have taken control sooner. But an enlightened elite acting for an uninformed mass provides no lasting solution to the fundamental problems of democratic organisation.

The Political Disorganisation of the Shopfloor.

The ineffectiveness of the SDN union chapels, the general political disorganisation on the shopfloor, and the conservatism of the SDN workers despite their long struggle, remain a central enigma to be examined. The inexperience of the workers in democratic involvement in the control of their enterprise and the consequent failure to achieve this at the SDN must be explained. Strangely enough, academic analyses of the printing craft unions have often commented on the high level of democratic participation achieved relative to other unions; indeed one major study, Union Democracy, conducted in the United States, has been criticised for dichotomizing democratic unions into the International Typographical Union and the rest. (Lipset, Trow and Coleman, 1956). Lipset et al complimented print workers on the high standards of skill and literacy which they possessed, that was felt to be an important pre-requisite of democratic participation; and also praised the party system of union government which was unique to the print workers. In this country, Turner commented on the high levels of membership participation in union affairs and management attained in the printing craft unions and defined them as 'exclusive democracies' to be distinguished from unions typified by 'aristocracies' or 'popular bossdoms'. (1962,p.289). The considerable extent of job control enjoyed by print chapels has already been detailed.

Print union chapels normally adhere rigorously to formal procedures of chapel democracy:

"Meetings of the chapel usually take place quarterly, and it is obligatory for members to attend on pain of a fine. These meetings are extremely formal. Motions must be in the hands of

clerk or secretary well in advance and the agenda is circulated two or three days before the meeting. The meetings begin with the reading of the minutes of the previous meeting; this is followed by the financial statement and the FOCs report. Questions are tabled and motions discussed. The chapel or management committee usually meets weekly, calling emergency meetings of the chapel when necessary." (Sisson, 1975,p.100).

ACAS noted further that FOC elections are normally held annually in the chapels. (Although prior to January 1976, elections of the FOCs in NATSOPA were held quarterly, which management claimed caused bargaining difficulties since the frequency of elections imposed pressures on FOCs to gain quick results in order to remain in office ! (1976,p.81.)

This formal tradition of chapel democracy at the SDN proved incapable of taking the additional strain of close involvement in the direction of the enterprise. However impressed liberal commentators were by the level of democratic activity in print chapels, and the degree of control exercised over manpower and the production process, they usually failed to notice how this activity and control was confined within constraints, that left management free to make the strategic decisions concerning newspapers. No print chapel in a national newspaper has any involvement in deciding financial, editorial, advertising and administrative matters, as existed at the SDN; on the contrary, almost all chapel activity is devoted to negotiating sectional issues of control and reward. Indeed Goodrich in his analysis of labour militancy earlier in the century, indicated the contradictory implications of craft controls:

"Craftsmanship is still a force, though a diminishing one.

In relation to the control demand it cuts two ways. It

is a conservative factor in the resistance of the old

crafts against "encroachments" upon their ancient forms of

control. It moreover is an element in stiffening the demand not to be

controlled. The true craftsman will stand very little supervision in regard to his own technique ... But craftsmanship seems to cut just the other way in relation to the positive side of the control demand. The old craft unions are completely indifferent to the newer "political" demands. The craftsman may be quick to resent interference with his own work, but he is not likely to bother about organising activities very far outside that work ... Craftsmanship has no direct connection with representative government. By its concentration on the immediate and highly individual skill it runs counter to the general organising interest which makes up the positive side of the demand to exercise control, but by the very pride in that individual skill it stiffens the refusal to be controlled." (1975, pp.41-43).

The tradition of craft autonomy at Albion Street was not therefore so readily adaptable to extending to control the whole business of the SDN as optimistic commentators assumed: in fact conservative, competitive and elitist aspects of this tradition were an obstacle to the achievement of democratic control and egalitarian conditions in the enterprise.

An important result of the sectional economism of print chapels which reflects competitive market conditions is the weakness of the Federated House Chapel. One pessimistic appraisal suggests, "In most of the newspaper offices in Fleet Street there is ... a Federated House Chapel to which all the chapels belong. This, however, has very little authority and only negotiates with the management on such matters as company pensions and car parking arrangements ... Chapels are competitors for scarce economic resources and status. There is little or no co-operation between chapels in the same office. The Federated House Chapel has limited authority and rarely negotiates with management."

(Sisson, 1975, pp.100,107).

Sectional rivalry survived at the SDN, particularly in the elitism of the NUJ, and the conservative isolationism of the intensely traditional Scottish Graphical Association, which prevented the development of a united and powerful FHC. The chapels at the SDN concerned themselves mainly with the normal, restricted questions; there were no other bodies through which workers could become involved or informed; and the result was that the SDN workforce was frequently an amorphous mass which could be easily swayed by oratory, particularly in mass meetings.

The biggest democratic disaster at the SDN was the conduct of the later mass meetings, in which proper procedures were forgotten, and Robert Maxwell was completely dominant. McKay and Barr have argued:

"Worker control necessarily requires a higher degree of democracy and shop-floor involvement than capitalist company organisation; if not, the leading workers become bosses (in organisation, if not in financial terms). But this makes the isolated worker-controlled enterprise highly vulnerable to demagogues from within or without." (1976,p.159).

In fact the very reason why SDN workers were so vulnerable to demagoguery was that they were not involved in decision making at the SDN except in the infrequent mass meetings ill-prepared to influence major decisions.

James Russell maintained that a system of representative government had always been envisaged for the SDN:

"Under the original constitution there was no intention of having mass meetings to decide policy. The shopfloor representatives would be picked democratically and then would be legally responsible for decisions, and could be removed if necessary. Maxwell saw the weakness in the system. He could appeal more effectively to mass meetings because people were trained for years to believe that millionaires can best take decisions. Most workers believed

they faced the choice of backing Maxwell and ensuring their jobs, or else going along with the workers representatives and possibly failing. The workers had the best possible management in the PA management. But Maxwell was able to destroy the workmans' faith in both the shopfloor representatives and the PA management. Maxwell campaigned against Tough, saying that he was unfit to attract the advertising that Maxwell could do. He got rid of the PA management and then the workers had the choice of Maxwell or no-one. Maxwell thinks he makes the law, that it's the law that's wrong not him. The stress on the workers is immense, they were asked by Maxwell to hold up their hands to give up their jobs. Senior executives' jobs were in danger unless they voted for Maxwell, they could be singled out. They are working for Maxwell in their eyes and not for the co-operative. People are saying "yes" to decisions because they are afraid."

Allister Mackie agreed, "We had a majority on the Executive Committee but the workforce allowed themselves to be intimidated". He was severely distressed at the dilemma he faced, "I have always believed in mass meetings, and yet I found that I was opposing having them".

Potentially profound democratic defects in the conduct of mass meetings have long been recognised in the experience of the labour movement. Whilst ideally providing the opportunity for all workers to participate in major decisions, they can readily be reduced to manipulatory devices unless they are part of an extensive and continuous process of involvement and information exchange. The Webbs in their classic study Industrial Democracy, outlined some of the serious shortcomings of the referendum as an instrument for defining trade union policy in the last century, which bear an uncanny resemblance to the weaknesses of the mass meetings held at the SDN. Firstly there was the problem of suddenly submitting a critical proposal which overturned previous policy, the Webbs termed this an 'initiative':

"..... That it is to say, the right of a section of the community to insist on its proposals being submitted to the vote of the whole electorate. As a representative assembly formed no part of the earlier Trade Union consultations, both the Referendum and the Initiative took with them the crudest shape. Any new rule or amendment of a rule, any proposed line of policy or particular application of it, might be straightway submitted to the vote of all the members. Nor was this practice of consulting the members confined to the central executive. Any branch might equally have any proposition put to the vote through the medium of the society's official circular. And however imperfectly the question was framed, however inconsistent the result might be with the society's rules and past practice, the answer returned by the members' votes was final and instantly operative. Those who believe that pure democracy implies the direct decision, by the mass of the people, of every question as it arises, will find this ideal realised without check or limit in the history of the larger Trade Unions between 1834 and 1870." (1901, pp.21-2).

But the referendums which produced chaotic administration when freely called, took on altogether more sinister implications as the power to call them was arrogated upwards:

"When the right of putting questions to the vote came practically to be confined to the executive, the Referendum ceased to provide the members with any effective control. If the executive could choose the issues to be submitted, the occasion on which the question should be put, and the form in which it should be couched, the Referendum, far from supplying any counterpoise to the executive, was soon found to be an immense addition to its power. Any change which the executive desired could be stated in the most plausible terms and supported by convincing arguments, which almost invariably secured its adoption by a large majority. Any executive resolution

could, when occasion required, thus be given the powerful moral backing of a plebiscitary vote. The reliance of Trade Union democrats on the Referendum resulted, in fact, in the virtual exclusion of the general body of members from all real share in the government."

(The Webbs then quote the comment of Lecky that in France, "Successive Governments soon learned how easily a plebiscite vote could be secured and directed by a strong executive, and how useful it might become to screen or justify usurpation.") (1901,p.27).¹ Dismissing what they defined as 'Primitive Democracy' the Webbs maintained:

"If, therefore democracy means that everything which 'concerns all should 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 Imperial Mandate, leads straight either to inefficiency and disintegration or to the uncontrolled dominance of a personal dictator or an expert bureaucracy." (1901,p.36).

In their search for "administrative efficiency and popular control", the Webbs placed their faith in elitist representative institutions, praising highly the constitution of the cottonspinners:

1. (The manipulative potentialities of referenda have recently been appreciated by governments in Britain, in the heavily loaded vote on remaining in the EEC in June 1975. More sinisterly, the Thatcher government has realised that given threatening economic conditions, and an ideological barrage, workers can be convinced to vote for almost any suitably worded single question. This was dramatically revealed in the vote of 150,000 British Leyland workers on the management plan for restructuring the company involving 25,000 redundancies, in which 87.2% voted to accept the plan in an 80% poll. (Guardian, 2 November 1979). On the basis of this surprising result, the CBI hopes to employ similar votes to sidestep union resistance. But in reality, as argued by Derek Robinson, the British Leyland Longbridge convenor, such manipulated votes do not secure, by any means, the full commitment of workers; and the possibility of worker resistance remains when the true implications of management plans are realised. Shortly afterwards, Robinson was sacked for his part in the attempt to organise opposition to the management plan.)

"..... The association is a fully-equipped democratic state of the modern type. It has an elected parliament, exercising supreme and uncontrolled power. It has a cabinet appointed by and responsible only to that parliament. And its chief executive officer, appointed once and for all on grounds of efficiency, enjoys the civil service permanence of tenure. We have watched the working of this remarkable constitution for years, and we can testify to the success with which both efficiency and popular control are secured." (1901, pp.40-1).

Despite their apparent concern for 'popular control', the Webbs' advocacy of representative forms of trade union government embraces the 'modern' theory of democracy which is a foundation of liberal pluralism: the acceptance of elite control of organisations and relative membership inactivity in the interests of 'administrative efficiency'. Though they were aware that they existed, the Webbs failed to appreciate the significance of the degenerative tendencies of representative forms of government, and in particular the dislocation which occurs between the professional bureaucracy and the formally passive and uninformed mass. Indeed the 'modern' form of democracy, to which the Webbs were so enamoured, defined out of existence the active and informed involvement of ordinary people in political decision making: no active participation on the part of the governed was expected or encouraged beyond a periodic demonstration of consent or disagreement with the policies of the government. (Pateman, 1970; Macpherson, 1962).

This elitist redefinition of democracy may be strongly challenged in terms of the traditional meaning, which undoubtedly was:

"popular power, the active involvement in decision making of the ordinary members of a community, or institution or organisation. By derivation, the existence of positive control by the rank and file is inherent in the language of democracy." (Hyman, 1975, p.76).

To reduce active involvement of the rank and file to periodic elections for remote officials, assuming tacit consent in the long intervals between elections, is completely inadequate, and clearly serves to induce indifference towards the formal political process, (A position which many elected officials are not entirely unhappy with, since it greatly diminishes the check upon their authority or decisions, as well as eliminating the threat to re-election). The 'administrative efficiency' which expert control in representative government supposedly provides is equally questionable, since little attention is normally directed to the meaning of 'efficiency'. Conventionally this is defined as the conduct of an organisation as it is presently structured within the existing political economy of capitalism: any policy which challenged this conservative acceptance of the status quo usually would be considered uncondusive to organisational 'efficiency'. But fundamental policy cannot be assumed in this restricted way, leaving a clear path for technocratic implementation :

"If unions are agencies of power for the working class, elements in a strategy for exerting control over a hostile work environment, it follows that their purposes must be defined in terms of the members own aspirations. Whether or not union democracy is an efficient method of achieving union objectives, it is subversive of the very rationale of unionism to divorce democracy from the formulation of these objectives." (Hyman,1975,p.84).

At the SDN the control structure moved in the opposite direction to the trend the Webbs identified in the labour movement: that is from a representative form under the Action Committee and Works Council towards a more direct form under Maxwell's influence with more frequent mass meetings at which major decisions were taken or endorsed. The Webbs' description of the chaos and dictatorship resulting from 'primitive democracy' accurately depicts what took place at the SDN in the later days. But what the Webbs' analysis fails to explain convincingly is why

primitive democracy does not work, and why representative forms of government are superior? If the experiences of the early trade unions were similar to those at the SDN, then the following explanation can be offered. Workers with little or no knowledge of democratic organisation or participation due to the lack of effective democratic structures in the state, industry or the community, were suddenly presented with the opportunity to become involved in one critical aspect of their life - the control of their work organisation. Without experience, preparation, or even adequate information or warning, they were abruptly confronted with complex issues and demanded to come to an immediate decision in a vote. This demand occurred within a structure of economic power which seemingly threatened to extinguish the enterprise unless decisions were taken in line with the economic pressures imposed. The result was a quick breakdown into disorder, and a total vulnerability to manipulation.

Although the later mass meetings were a destructive sham, the democratic solution could not be simply to concentrate power upwards in the shopfloor members of the Council who could be trusted to represent the interests of the workers better than the workers could themselves. Advocates of representative government who have suggested that this form would have been the most appropriate for the SDN to adopt, often implied that they would have been content to exclude the rank and file from anything but an intermittent, highly formal, and increasingly nominal control in the direction of the enterprise. What was necessary, was to prepare the rank and file for responsible involvement in major decisions by continuous participation at a lower level, and the trade union chapels could have been crucial in developing this. There was also obviously a need for a formal democratic constitution to prevent the gross manipulation possible at ad hoc meetings governed by ad hoc rules called to discuss ad hoc motions as occurred at the SDN. Designing democratic constitutions which permit continuous rank and file control yet avoid

the damaging consequences emphasised by the Webbs, remains a major task for those concerned with the struggle for democracy in the labour movement. The elitist, hierarchical, and representative forms of government of the kind the Webbs approved, and which have been adopted throughout the labour movement in both trade unions and co-operatives, do not solve the problem of democratic participation, but merely evade the problem by formally removing participation and power from the great mass of the membership and investing control in a small, informed bureaucracy.

Democratic participation is therefore both a means of arriving at satisfactory objectives, and an end in itself - stimulating the knowledge and skill with which higher objectives may be attained. Yet democratic participation in organisations cannot be viewed in isolation from the political and economic structure of the society in which the organisation is situated, as Pateman tends to do (1970). For such structural factors will determine the scope for participation, and the likelihood that whatever potential opportunities for participation exist will be successfully taken up.

Thus to an extent the debate about participation at the SDN is largely an academic one, since the efforts that were made after the SDN was founded to organise and involve the workers more effectively, whether through their respective union chapels, or more informally, consistently were wrecked by the conservative, deferential and economistic consciousness which predominated among them. The origins of this consciousness stretched back beyond experience at the SDN, to the formative influences of the autocratic employer control and economistic union tradition in the decades that most of the workers had spent in Beaverbrook's Albion Street office. Moreover any inclination towards developing an alternative consciousness was heavily discouraged by the vulnerability of the newspaper to the market forces to which it was cruelly exposed.

The Constrictions on the Political Consciousness of SDN Workers.

"The print unions didn't trust the SDN workforce, and they were right. The SDN workers sold out the principle of workers control after five weeks when they elected Maxwell in place of a shopfloor representative. As long as trade unionists think with their heart there is no way they will beat people like Maxwell who think with their head. After 13 months on the dole they still didn't realise what this was all about, they just thought they were going back to another job. The engineers knew what a co-operative was about, they have been marvellous. But Mr. Average is not educated enough to cope with a co-op. There is so much pressure. Most people thought they would be doing the same job and with the same conditions as they had under Beaverbrook. The workforce is just looking for another boss. Surely people can educate themselves in a whole year?"

In typically powerful language, Charlie Armstrong condemned the political conservatism of the SDN workers, a view that other SDN union activists found depressingly accurate. But McKay and Barr have suggested that it was optimistic to expect anything more:

"Most of the participants had no broad political interest in proving that orthodox capitalist ownership and management could be replaced within a capitalist society by what would, in effect, be an island of industrial democracy in a hostile commercial ocean Certainly, once the decision to try to launch a co-operatively owned paper had been taken, many members of the workforce took up the broad cause of workers' control with gusto... For some, this represented a genuine conversion from political apathy under Beaverbrook to a certain radical idealism; for others it was a wholly cynical expedient to create jobs for themselves ... This is one reason why the Scottish Daily News was never a pure

experiment in worker control. Even the financial structure of the enterprise made it clear that the participants were ambivalent about why they were setting off on this unprecedented adventure. The 500 workers were, it could be argued, mini-capitalists embarking on a project of mutual financial benefit, not attempting to offer an alternative to the orthodox capitalist funding of an enterprise." (1976, pp.84-5).

What remains to be properly explained is why the majority of the SDN workers, all life long trade unionists, exhibited such a conservative consciousness, and why this conservatism endured through such a protracted and bitter struggle to establish the SDN in opposition to conventional business interests? Prolonged socialization into authoritarian patterns of control is a major explanatory factor: the experience of working for years under paternalistic but autocratic management, and organising in trade unions that aspired only towards the most limited levels of democratic participation and control, both in the union itself, and the enterprise. The chains of such intensive socialization, heavily reinforced in people's non-work lives, are not easily broken, and a sudden apparent release tends to promote confusion or cynicism rather than a dash for freedom. "Employees conditioned to expect and accept authoritarian rule were as likely to be bewildered as gratified if the style suddenly changed." (Fox, 1974, p.105). Jimmy McNamara incredulously asked:

"How can people be involved in a 13 month struggle, 13 months of working class struggle, and at the end of it still be a Tory? I'm amazed, but that is a fact. Because they've been so conditioned previously, there is a total lack of political background in the print industry in newspapers in Scotland ... Workers tend to have a wee bit lack of confidence in their own ability. They see people making money, and who are ruthless

in making money for themselves, and see it as a sign of success. It's a lack of confidence, an inferiority complex .. But political consciousness, awareness, is lacking generally in the print industry. I've got a wee bit of experience outside the print industry, I've no doubt if I'd lived in the print industry all my life I probably wouldna noticed it, but there is a political awareness in the engineering factories and shipyards. The Industrial Relations Act was fought in the factories and shipyards because there was a political awareness, not necessarily among the masses, but certainly among the leadership. It's no there among the leadership in the print industry."

The influence of prior socialization was particularly severe at the SDN because of the high proportion of older workers who joined the co-operative. When Beaverbrook closed, younger workers stood a better chance of securing new employment, whether in the print industry, in other industries, or by migration. It was often only when they could not find other work that many older workers became interested in the co-operative. Thus according to a survey of one third of the ex-SDN workers, conducted in 1977 by Bradley and Gelb, almost 50% of the SDN workers were over 50 years of age; over 75% were over 40 years of age; only 25% were under 40; and only 5% under 30 years old. (1979b pp.7-8). The newspaper industry has a tradition of employing older workers but the SDN workforce was quite untypical, the New Earnings Survey of 1975 recorded that over 50% of workers were under 40, and over 30% under 30 in the printing and publishing industry. Not only would this majority of older workers at the SDN have experienced a longer duration of involuntary unemployment after the Beaverbrook closure; (the median duration of unemployment for workers over 50 was about 40 weeks, whereas for those under 30 it was less than 20 weeks in 1978; Department of Employment Gazette, September 1978); but they were faced with the

certain threat of a further long bout of unemployment if the SDN failed. In fact, whilst 35% of the Bradley and Gelb sample of workers under 50 remained unemployed for a year after the SDN closure, 63% of workers aged over 50 remained unemployed for a year or more, (1979b,p.7). In many respects this age division was related to a dichotomy emphasised by Bradley and Gelb, between those who held the principle of the co-operative to be most important, and those who simply wanted to preserve their jobs by whatever means: a substantial majority of workers under 50 disapproved of Maxwell's role, whereas a majority of workers over 50 approved of Maxwell's role. (Bradley and Gelb, 1979b). (Since their survey, a postal questionnaire, was conducted two years after the event and consisted of simple, structured, closed questions, the results on controversial issues such as this may be treated with some scepticism.)

Bradley and Gelb focus much attention on the consciousness of the SDN workers, but when the academicist excrescences of their analysis are finally penetrated, the essence of their approach is that the SDN workers' motivation was not "radical" but was governed by "pragmatic acceptance": "It is clear that the overwhelming majority of SDN workers were more concerned for their jobs than for ideology." (1979b,p.15). To arrive at this profoundly absurd conclusion Bradley and Gelb limit their investigation of the political processes at the SDN to a cursory examination of the voting at mass meetings, attributing to this an unchallengeable indication of the real interests of the SDN workers, as interpreted by themselves. This one-dimensional and behaviouralist focus ignores the possibility of a false or manipulated consensus which is produced by the most insidious exercise of political power. (Lukes,1974,pp.24,34) Bradley and Gelb's approach distorts the SDN struggle almost beyond recognition. It is a common and deceptive practice of bourgeois economists to explain the coerced actions of workers in terms of their pursuit of enlightened, individual self-interest.

It was not "the rational, self-interested postulates of pragmatic acceptance" (1979b,p.5), which motivated the SDN workers, but fear and insecurity which made many of the workers respond in the way that they did. (Thus economic historians' in explaining the development of the factory system conventionally have stressed the creation of a 'free labour force' attracted by economic reward to factory work, whereas Pollard has pointed to the coercive origins of capitalist industrial management: "the modern industrial proletariat was introduced to its role not so much by attraction or monetary reward but by compulsion, force and fear." (1965,p.207)). It is quite wrong to attribute crudely an "ideological" orientation to those who held the principle of the co-operative to be of greatest importance, since they saw the co-operative also as the best economic guarantee of maintaining jobs. It is equally wrong to attribute simply a "rational" economic orientation to those most concerned with jobs, since the acceptance of Maxwell as a dominant proprietor was due to an entrenched ideology of conservative deference.

The simplistic dichotomy of 'the co-operative v jobs' arose at the height of the struggle for control of the SDN and was propagated by the Maxwell camp as a defence of their position. Bradley explained the view of Maxwell and Blyth at the time:

"Jimmy McNamara is regarded as a threat, since he seems to hold the principle of the co-operative higher than the 500 jobs. It is believed that he and the others have a naive and dangerous commitment to the co-operative principle which will jeopardize the jobs of others ... I would call this operation more an exercise in workers participation than a co-operative They (Maxwell and Blyth) see two alternatives: either the survival of the paper under their control, with worker participation, in whatever form, an evening edition etc, that is thought necessary, and with whatever sacrifices in pay, conditions and union practices

that are demanded; or the commercial collapse of the paper induced by those dissatisfied with the involvement of Maxwell and the infringement of the co-operative principle."

It would be wrong to accept this rationalization of the control of Maxwell and Blyth at face value. The opponents of Maxwell in the co-operative felt that he was not only destroying the co-operative, but that he was not in a position to save the paper, which would soon collapse under his control, since the financial problems of the newspaper would be increased by internal and external union resistance. Jimmy McNamara was justifiably sceptical of Maxwell's claim that only he could save the enterprise:

"If Maxwell was not here then our struggle would be a lot easier.

Unfortunately he's here, and the workers see him as some sort of little saviour. But it is na true. It is na true, it's

a myth. Maxwell will only save his self, because at the end of the day he is a black oak. He's that class of people that

saves his self, looks after his self. We've learned this ...

But people don't change overnight from working for Beaverbrook to working for a co-operative, not by a long shot. The average worker just wants a job, leave him alone and he's happy, and as long as he's got enough to live on, he's contented. This is one of the weaknesses of the working class that has got to be overcome."

The sociological inadequacy of Bradley and Gelb's analysis is that they recognise the conservative economism of the SDN workers, and draw wide ranging conclusions from this about the durability of capitalism; yet they do not attempt to explain the structural, organizational and ideological constraints upon the achievement of 'radical consciousness', they are simply satisfied that in the case of the SDN it was not generated among the majority of workers:

"The most definite snapping of the cash nexus in the present order is probably associated with bankruptcy. As has been noted bankruptcy

is liable to be followed by pressure for radical organizational structures such as co-operatives. Superficially this provides some validation for the cash nexus hypothesis. However, as we have shown, co-operative organizations can plausibly evolve out of pragmatic accommodative responses designed to restore the cash nexus within the present system. Viewed in this light such phenomena tend to strengthen the pragmatic acceptance hypothesis by extending it to circumstances of economic decline.

The real point of issue is not whether the actions in response to cash nexus breaks will generate radicalism. In the long run declining capitalism might prove to be unstable. However, the link between the breaking of the cash nexus and the generation of radical consciousness is not mechanical and should be examined carefully with an appreciation of the position of the individuals concerned. A consideration of the way in which cash nexus breaks tend to occur in capitalist society has, when viewed from this point, interesting implications for the durability, if not the ultimate stability of the current political and social order."

(1979b, p.12).

Whilst it is accepted that co-operatives such as the SDN are not a radical departure, as they are often presented, it is important to examine how and why workers' radicalism was diverted and suppressed which Bradley and Gelb fail to attempt: they do not explore the sources of working class conservatism, they merely identify its existence. Bradley and Gelb are right to emphasise that the attainment of 'radical consciousness' is not a mechanical process, but they do not explain how such consciousness is achieved or contained, and they are content with a mechanical explanation of working class conservatism.

A popular post-war view on the left was that full employment and relatively high wages served as an anaesthetic to working class awareness of, discontent with, and organisation against, the fundamental irrationality

and injustice of the capitalist system. However, when workers are directly confronted with this injustice or irrationality in the refusal of a legitimate wage claim, or the sudden imposition of redundancy, and they take some form of collective action in resistance, it is a fundamental Marxist tenet that such struggle will create the conditions in which abrupt transformations of consciousness become possible:

"When engaged in collective struggle, workers are most susceptible to the appeal of new world views; the 'deviant' elements in working class attitudes are thrust to the fore, while conventional assumptions of 'official' society momentarily lose their hold. As the development of capital itself forces more frequent industrial struggles, so the opportunities for a heightening of consciousness are multiplied." (Hyman, 1975, p.177).

Though an instant assumption of proletarian consciousness could not be expected, after over a year of struggle at the SDN some significant shift in consciousness could reasonably have been assumed: "You'd think 14 months on the burro would make them realise!", as one worker said in despair. But little change in political consciousness occurred. Why? The critical point about collective struggle raising consciousness is that you have to be engaged in struggle, not observing from the side-lines. The great majority of the SDN workers were not active in the political struggle to establish the paper in any way beyond a brief attendance at a few mass meetings. The 17 member Action Committee completed the difficult organizational tasks themselves, all the actively interested workers were asked to do was take part in fund raising drives, John Hodgeman recalled;

"It was a hard and sometimes heroic struggle, but it was waged by a minority. The others filled in on part-time jobs, or simply sat at home or in the pub, and waited for work to be created for them. Several of the least brilliant journalists earmarked themselves for jobs on the paper. The battle lasted 14 months, embittering

the most reasonable of men, but never totally dismaying the Action Committee, whose resolve seldom wavered and whose optimism succoured the potential workforce and cushioned them against one bodyblow after another."

Attendance at the monthly mass meetings averaged only about 200, until a few weeks before the SDN launch when it dramatically increased.

At the time of the Prospectus launch in March 1975, there were only 300 ready to take employee shares. (SNE, 1975, p.5). Therefore a majority of the people who were later employed in the SDN had only a tenuous association with the struggle to create it, and from the start this was recognised as a problem. One FOC maintained;

"The biggest problem I would say are the people who have come from outside, rather than the people who have fought for over a year. These people who have fought over the year have a better idea of the workers co-operative spirit. The people that are coming from outside are keen, but they don't have the same philosophy as the rest of us that have had it hammered into us over a period of time."

The paradox of the devoted commitment of the Action Committee and the immediate supporters of the SDN campaign, was that this allowed the majority of workers to remain excluded from the activity which would have developed their political awareness. This pattern of organizational activity by a small minority is typical of not only the normal functioning of trade unions, but often of the conduct of the major, protracted, and most celebrated strikes and occupations. (Clarke, 1979). It is the major weakness in the political organization of industrial conflict and frequently has disastrous consequences. (A dramatic illustration of this weakness was that in the 16 week strike preceding the closure of British Leyland Speke No.2 plant in Liverpool in 1978, just two mass meetings were held: "the first which voted to strike and the second which voted to return to work to fight the closure ... Whatever the reasons (and people still argue over it), what remains a fact is that there were no

mass meetings held during the strike, and that this did have an effect upon the members' attitude toward fighting the closure,") (Beynon, 1978, pp. 37-8). Workers are systematically prevented from developing their political ideas, and knowledge generally, by the stultifying and repetitive work most are forced to perform, and little opportunity exists in the community to compensate for this deficiency. The opportunities afforded during strikes and occupations for the development of political activity and consciousness are therefore doubly precious, and yet these opportunities are rarely exploited.

Strikes potentially can be 'schools of war' in Lenin's phrase, but only if they are utilized for political discussion, education, and activity. Otherwise they leave the worker isolated at home, and even more subject than usual to the ideological distortion of the capitalist mass media. Antonio Gramsci had considerable experience of sustaining collective activity and stimulating class consciousness in the industrial struggles in Italy during the revolutionary wave of 1919, and insisted that:

"The concrete and complete solution to the problems of socialist living can only arise from communist practice: collective discussion which sympathetically alters men's consciousness, unifies them and inspires them to industrious enthusiasm. To tell the truth, is a communist and revolutionary act." (1977, p. 68).

That all workers should be encouraged to be involved in collective struggles is obviously important, but what kind of struggle they are to be involved in, is also of central significance. Hence the SDN experience highlights some of the significant limitations of 'spontaneity'. Firstly, the 'spontaneous' action of occupation was actually forced upon a basically conservative workforce by the closure and withdrawal of capital. Secondly, despite the exhausting efforts of a few individuals, there was little systematic attempt to stimulate socialist consciousness among the redundant workers. This allowed whatever spontaneous militancy existed to be easily contaminated, and practical activity to

be readily diverted towards creating a commercial enterprise to operate conventionally in a market system.

A developed socialist theory and practice was the critical ingredient absent in the SDN struggle, and neither craft unionism, contaminated spontaneity, co-operative idealism, nor worker directors, could provide a substitute for it.

Conclusions

Radical proposals for industrial democracy, including worker directors and workers co-operatives, are often viewed as a means of transforming, however gradually, the existing political economy of capitalism. But beyond the social shock for both sides of the arrival of workers in the boardroom, the SDN experience reveals how difficult it is to achieve substantial changes in single, isolated enterprises. For, as Batstone has indicated, it is not simply who takes decisions, whether workers or management, that is important, but "how the parameters of decisions are created; how proposals are initiated and shaped and choices made between alternatives; and how far decisions are actually implemented in practice." (1976,p.19). At the SDN the basic parameters in which decisions were made continued to be set by market forces and by the state. Worker directors, as indeed collective bargaining, do not in themselves normally represent an attempt to force back these parameters, but rather, as Bullock recognised, represent a mutual accommodation to these constraints:

"We see no necessary contradictions between board level representation and collective bargaining. Rather, we believe that they are similar and complementary processes. Both contain elements of co-operation and conflict, harmony and discord. Both by their very natures involve the mutual dependence of union and management."

(cmd 6706,p.124)

It cannot therefore be assumed that the arrival of worker directors will make a substantial contribution to a fundamental change in the

organisation and control of industry. On the contrary, the integration of shopfloor leaders into a management outlook may serve to undermine worker resistance to the existing capitalist control of industry. (Clarke, 1977).

Cressey and MacInnes have criticised the pessimistic implications of the incorporation approach to industrial democracy, maintaining that:

"The attribution of primacy to market forces and external relations of production means that any offensive by labour in the workplace is predicated by the very revolution in productive relations that such a strategy should create rather than result from." (1979, p.2)

Certainly workers struggles to transform the relations of production, in whatever form, should be supported. But despite the hopes of the idealistic advocates of industrial democracy, it is by no means clear that present industrial democracy proposals are generally an "offensive by labour" rather than a manipulative offensive by the corporatist state, enlightened management, or ambitious trade union leaders, to incorporate and suppress worker resistance. Even in the case of the SDN where an element of spontaneity did exist, this was expressed in an opportunist way which failed to achieve the involvement of more than a small section of the SDN workers.

In his extensive study of the 'countervailing power' of collective bargaining compared to worker director co-determination, Richard Herding was sceptical of excessive attention to institutional forms of representation, suggesting an alternative focus:

"This analysis would place the cleavage of incompatibility at the line of substantively collusive versus militant union policies; neither joint management or countervailing power would necessarily fall in line with this distinction... Given the inclination of union leadership when isolated from shopfloor control, toward co-option by employment patterns reconciled to capitalist interests, given also the problems of distortion by

representation, the point is that intra-organizational countervailing powers are needed within the 'countervailing powers' in society. From the viewpoint of effective and progressive labour control of the workplace the abstinent separation between joint management and countervailing power may be no more than an institutional facade to conceal the real contradictions of union behaviour under capitalism."

(1972, pp.335-6).

Worker director schemes could be part of an "offensive by labour", but this would rest upon the achievement of political organization and consciousness among shopfloor workers that worker director schemes themselves would not provide, and indeed might divert workers from. There are no short cuts to socialism and the fundamental problems remain the same whether discussing the limitations of collective bargaining or industrial democracy: how to achieve autonomous rank and file organisation and political consciousness in order to promote the structural transformation of the social and economic relations of capitalism through self-activity.

(Hyman, 1974).

A tremendous barrier to the achievement of working class consciousness and militancy is the systematically disorientating and deadening impact of the capitalist mass media which constantly press in upon workers. The failure of the Scottish Daily News to overcome this barrier in its editorial had damaging consequences, not simply for the SDN workers themselves, but for the whole of the working class readership of the newspaper who had hoped to see for the first time their interests publicly defended in print.

A Whip For the Backs of The Working Class

"Mick McGahey the Scottish miners leader, and other militant trade unionists, refused any formal help to the newspaper. He said, 'I'm not interested in creating another whip for the backs of the working class.' McGahey distrusted Maxwell, but also the reactionary elements of the workforce and the print unions. He would not believe the paper would be totally sympathetic to working class interests until he saw it. So far to some extent he has been proved right in all of his suspicions."

Charlie Armstrong was one of the few people within the SDN who glimpsed the substance of the socialist critique of the newspaper: that given the commercial structure and orientation it had adopted and the assumption of control by careerists, that idealistic intentions and pious pronouncements would not prevent the newspaper responding to the economic forces that would insist the editorial should criticize and attack the working class people and organisations the paper had promised to defend.

Evidence of an enforced anti-labour stance was frequently found in the SDN editorial. On just one day, 14 June 1975, the front page headlines were "Shell Shock For Unions: Oil Boss Takes A Swipe At Scottish Workers"; and "The Peace Invitation: Wilson Will Urge Against Rail Strike". In the first story accusations of Sir Frank McFadzean at a Scottish Business School seminar were reported that Scottish workers exhibited amateurism, a lack of commercial awareness or interest, a low work-rate and a lack of flexibility. Some reply by trade union representatives was included, "This man sounds like one of those people who have never done a day's work in their lives, but expect everyone else to graft". But the overall impression was a resounding indictment of

Scottish labour. The second story presented the political and economic case of Downing Street against strike action as sympathetically as it would be dealt with in any capitalist newspaper. Thus newspapers under private ownership and dependent upon advertising revenue for their survival of necessity project an unsympathetic and frequently hostile view of working class interests and the labour movement, to the extent that these represent a challenge to the interests of capital. Those newspapers, particularly the Daily Mirror and Daily Record, which make the shallow pretence of representing labour, do so to capture a mass market, and continue the masquerade in order to manipulate the working class readership more effectively, as Westergaard has maintained:

"The commercial formula for mass circulation newspapers with a labour appeal is one - and as a matter of market necessity one - which both reduces any function of socio-political 'enlightenment' to a small place among editorial aims, and takes a 'radical' editorial orientation no further than to a blend of vacuous populism with support for political moderation and social compromise within the current order Their labour loyalties are firmly behind 'moderation', their acceptance of conventional political wisdom - the need for wage restraint today, for 'partnership' of labour with capital always - unquestioning and loud." (1977, pp 102-3).

The claim is often made that if press coverage of the labour movement is frequently antagonistic, that television news, legally bound to be neutral and balanced, compensates by providing neutral comment and pictures in what is now the major news medium. Yet in the only extensive research project on television news, the Glasgow University Media Group demonstrate how television news systematically inhibits in its method of interpretation and presentation any explanation of the normal activities of trade unions, or the underlying causes of industrial conflict: "The result is that in the absence of essential background information the activities of strikers,

which might otherwise appear quite rational and reasonable, are presented to the public as sensational." (1976,p244). This process is clearly revealed in two stories examined by the GUMG. In a strike of Glasgow Corporation Heavy Goods Vehicle drivers which lasted from January 1975 till April, the television news bulletins focused immediately on the 'health hazard' caused by the fact that half the strikers were drivers of dustcarts, and upon the army's role in the dispute, and ignored the reasons for the strike. Though 10 people were interviewed and shown in 20 news bulletins, including Fire Brigade Officers, local politicians and MPs, Army Officers, and trade union officials (not directly concerned in an unofficial dispute), "during the whole of the strike, not one of the strikers was interviewed on the national news. Only from the day that the strike ended were the drivers allowed to comment on their lost cause." (GUMG, 1976,p.250). In a second example the BBC and ITN news were shown to edit out of a report on a speech made by Harold Wilson, any reference to the failures of management or private capital in the predicament of British Leyland. Strikes were presented as the main problem facing the car industry, and the lack of investment and work organization problems, which were the responsibility of management were ignored. Counter arguments were fleeting, and sandwiched between 'evidence' which would undermine them. Thus in TV news bulletins there were 42 references linking Wilson's speech to the level of strike activity, whilst only 6 references were made to Jack Jones' criticism of management incompetence, though official reports showed that half of lost production at Leyland had nothing to do with strikes. As the researchers conclude:

"Our analysis goes beyond saying merely that the television news 'favour' certain individuals and institutions by giving them more time and status. Such criticisms are crude. The nature of our analysis is deeper than this: in the end it relates to the picture of society in general and industrial society in particular, that television constructs. This at its

most damaging includes, as in these case studies, the laying of blame for society's industrial and economic problems at the door of the workforce. This is done in the face of contradictory evidence which, when it appears, is either ignored, smothered, or at worst, is treated as if it supports the inferential frameworks utilised by the producers of news."

(GUMG, 1976, pp 267-8).

The most serious consequence of the concentration of newspaper ownership under private control subsidized by advertising has been the elimination of any genuine or committed national voice for labour. A working paper prepared for the Royal Commission on the Press in 1977 accepted the fact that

"Britain has one of the strongest trade union movements in Western Europe, but it is unusual in Europe in lacking any significant press owned or controlled either by the trade unions or by a related political party or co-operative movement."

(Boyd-Barrett, Seymour-Ure, Tunstall, 1977, p.347).

Many of the trade union activists at the SDN were painfully aware of the total lack of a national trade union or socialist paper in Britain, and were therefore all the more determined to ensure that the Scottish Daily News compensated for this critical deficiency, though they appreciated the difficulty of the task, as Jimmy McNamara argued:

"Here we have a labour movement that has not had a voice since 1926, I know the Daily Herald didn't close till the 1960s, but it has not had a voice since Odhams took over the Daily Herald. And here we have this great labour movement in this country with no newspaper, absolutely none Even if the Scottish Daily News could be a raging success, even if we could be, I think we'd be in great difficulty, because of the field we're in, the field of ideas We're facing different problems to the Meriden lads.

We're in a real dangerous area when we're in a newspaper.

We could affect the masses of the people with a newspaper, you canny affect them with a motorbike ! If you're ridin a motorbike down the M6 it certainly doesna convert you to socialism! But the SDN could contribute to converting you to socialism, its that type of paper."

Despite the aspirations of Jimmy McNamara and many others, the SDN from the beginning never wholeheartedly responded to the urgent social need to provide a mass circulation newspaper committed to the labour movement, and instead vacillated between a vague trade union sympathy and a thoroughgoing commercial populism. This political oscillation was a source of constant tension in the life of the newspaper. In the submission to the Department of Industry it was claimed that "The committee has agreed that the paper should be politically independent and should reflect all shades of opinion." (SNE, 1974,p.34).

How 'all shades of opinion' could be catered for without simultaneously offending 'all shades of opinion' or giving the appearance of total moral and intellectual ambivalence was never properly explained, or demonstrated in the SDN editorial. The practical dilemma involved in this editorial vacuity was revealed in the guide for SDN workers to the prospectus of the newspaper: among the list of "salient selling features" the editorial stance was presented in this way:

"The newspaper will be bright and commercial in its content. It will reflect a wide variety of interests in news, features and sport. It will also reflect a variety of opinions, even if these contradict the policy of the Scottish Daily News. It is in this spirit of independence that the News will not be tied to any political party, although it will be Left of centre in philosophy, i.e. support issues in Scotland which are fundamental to the welfare of the working class and underprivileged sections of our community. IN OTHER WORDS, A NEWSPAPER WITH A SOCIAL CONSCIENCE."

However, the guide stated that "as regards union officials a different emphasis will apply ... The following points should be made when approaching union officials. They do not alter the facts, but simply switch the emphasis:"

"The News will be a lively, commercial newspaper but, within that context, will reflect the aspirations of the working class with a philosophy Left of centre. Although it will be independent of any political party and reserve the right to criticize, it will operate from a base of sympathy to trade unionists, as opposed to that of blind bias against them exercised by the Right-wing Press monopoly in this country. We believe that if this attitude can come across in a popular newspaper, as opposed to a minority selling publication, then it can only help the movement."

Publicity statements such as this, did not reassure those who expected more convincing expressions of political commitment. The Morning Star posed a series of highly pertinent questions for which the SDN was to find no answer:

"Can such a venture survive without a clear political position which will command the support and enthusiasm of a substantial number of readers? Is it not necessary for the paper to take a clear and categorical stand on the side of the unions and the labour movement in order to achieve such support? Isn't the point of workers control that it should be expressed in support of workers organisations? Would there not be a better chance of getting trade union money if there was an unequivocal statement of support for the unions, rather than vague statements of being left of centre and appealing to the middle market?"

(12 August 1974).

Other radical newspapers were more caustic in their attack upon the editorial ambiguities inherent in the SDN:

"Cut through the high-sounding phrases of the committee of former Express workers and what is likely to hit the newstands next month is an all-Scottish version of the Daily Mail Although the market for the Daily News will be predominantly disaffected Express readers, the strident right wing views of the Express would clearly have to be moderated. After all a paper with heavy backing from the trade union movement, could not go in for Express-style union bashing. On the other hand, the backing of private capital, along with the neutral politics of most of the former Expressmen, will ensure that the Daily News will not step to the left of the narrow, self-imposed limits of the commercial press." (Glasgow News, April 1975).

Fundamental debate about SDN editorial policy constantly raged at every level within the organization. Active trade unionists were appalled at the failure of the paper to consistently or emphatically represent the ideas and interests of organized labour. Ronnie Gibson the young APEX FOC in particular tried hard to impress upon others the importance of maintaining a labour stand, though frequently he was rebuffed by those who sought primarily to brighten the papers general appeal. For example Nathan Goldberg, the assistant editor, in the following exchange offered plausible reasons why the paper should moderate its approach:

R.G. "We don't have a duty to produce a 'popular newspaper', whatever that is, we have a duty to produce a working class newspaper, that is directed solely by the interests of the working class..... We should be able to publish things and have them put up on trade union noticeboards, and we should be able to sell the paper in factories, and get over to the working class people, which no other newspaper can do. "

N.G. "Well we could be doing that. But there is another school that says - if you're selling a popular newspaper, you don't want to be that closely

identified with one area of the community, such as the shopfloor'. My feeling is that I'd rather not be so closely identified really, even though I'm a Marxist. Because I feel we should try and get broad circulation, and we don't want to get ourselves identified as a one-dimensional newspaper, which we're not really. It's a difficult one that. I'd rather see us going round the housing schemes in the vans, speaking to the community leaders right across the board I've spoken to shop convenors, I've been involved in the trade union movement since I was a kid, and I know a lot of people in it, and the first thing they ask you about the paper is, 'What's your racing section going to be like? If they want to find out about the trade union movement in detail, they're going to want a left of centre heavy, and they've got a great paper to buy, that's the Morning Star, there's no way we can emulate the Morning Star - and survive. But what we can do as a popular newspaper is to convert an awful lot of people who might say, 'I never thought of it like that before!' Like, 'I never thought that Tony Benn was a human being!' There's no need to shout that, if you say it quietly they take the point. If you shout it perhaps they might react. If you say it quietly perhaps that, 'Tony Benn's a decent bloke, the guys done an awful lot of good. OK he may be a bit of a boy scout in his wilder moments, but he's a great politician, he's got tremendous vision. He may speak like an Express editorial at times but he's OK'. Then people say 'Tony Benn's OK' when they read it, and they think, 'Well, maybe he's not that bad!' That's good. And if they read it in a paper that's reasonably independent, then they'll accept it, but if they're reading a paper which they think is totally committed to the Communist Party or the labour movement, then they might not accept that. You may call it a bit of camouflage, but I think it works. I mean if you're too totally committed then people will pigeon-hole the newspaper. I mean I'm not interested in converting trade unionists, frankly. Because I

know they are there in any event. What we're interested in converting are people that don't know us, and you don't do that by knocking it down their throat. I mean from us they'll graduate later on to the Morning Star or Tribune. We're not going to ram it down their throats, we're a lot more subtle, the rest of the press are a lot more subtle, why should we alienate a lot of people we might get into the fold?".

The coherence of Goldberg's argument was never born out in practice: the papers limp and inconsistent editorial failed to attract many new readers whilst distressing the trade union readership; and though the capitalist popular press have been rightly accused of many manipulative methods, subtlety is certainly not one of them. Yet Goldberg was in the centre of editorial opinion at the SDN, and was responsible himself for several of the few left wing stories that found their way into the paper. There were many journalists and print workers who had a far more limited and traditional view of what the paper should cover. Doddy MacKoskill the NATSOPA FOC, was typical of the older workers in having rooted ideas about what a popular newspaper should contain which dismayed those hoping for new departures, as the following exchange, again with Ronnie Gibson, acutely illustrates:

R.G. "This paper not only has obligations to people working within this newspaper. I think we have greater obligations to the people outside, and that is the trade union movement that supported us, that is the guys down at UCS, the guys in Govan, the people in Honeywells, people in British Steel, people in the collieries. The people who supported us. Not anyone in general, but the people who supported us, we've got an obligation to them. To see that we don't create a whip for the working class back. As long as we don't create that, as long as we're not another newspaper, a right wing newspaper that's going to give a biased report, on strikes, or on grievances, or on withdrawals of labour, or anything else."

D.M. "We're trying to be 'left of centre'. Now let's be honest that's a very hard thing for a newspaper to do".

R.G. "It's a very broad term, 'left of centre' of what? What do you think of 'left of centre?'"

D.M. "What I think, and what they say to me is this: liberal with a small 'l'. Well, that's what I've been told all the time, liberal with a small 'l'. The point is we're trying to sell this newspaper to every shape, irrespective of whether they're Conservative, Liberal, you name it, SNP, Communist, you name any party you like. We're trying to do a paper, a Scottish paper, that will please Scotsmen and Scotswomen, irrespective of what party they support, makes no difference. This is the paper I want to put out. A paper that anyone can buy and lift up and say 'This is worth reading'. Y'know this is the sort of paper we've got to try and put out. This is what we're trying to do. Otherwise we're dead."

F.G. "This is very philosophical Doddy, but, I'll ask you: why can't we put out a newspaper that is left of centre, that we can guarantee to sell 200,000 copies to the trade union movement? By producing a newspaper that is really left of centre, I'm not just talking about left of Roy Jenkins, or left of Dennis Healey, I'm talking about left of Tony Benn. How do we know that we cannot sell this newspaper to the guys in the yards, and other people we mentioned? We've never tried it. We're producing a newspaper that we think will be a popular newspaper, and yet at the moment its not paying off. How do we know we canna sell as a left wing newspaper, not as what the prospectus says a 'left of centre' newspaper, which could mean anything. It could mean left of centre of Ted Heath, or it could mean left of centre of the Labour Party."

D.M. "If we wanted to produce a newspaper that would go to the unions, then we'd sell it. But at present the unions are not buying this newspaper, that's pretty obvious, they're definitely not buying it. There is something lacking in the paper."

R.G. "Do you ask yourself, 'Should we go more left?' On the Common Market, on Tony Benn, on the Wilson Government? Do we say that Tony Benn should resign because he has been done by Harold Wilson? And rely on the support of Benn and the Labour Movement? We're not relying on them at the moment. We're relying on the support of everybody. We're lying straight in the middle of the road, Doddy, and we've got heavy traffic to go through."

D.M. "But then again, if we go one side or the other its harder. We're going to be hit by the Government and the DTI and all these people. If we go one way, irrespective of the way, it's impossible to sell and do a bomb."

R.G. "I would say to go more left would do us no harm whatsoever. A lot of people in this workforce and outside, over a majority of the workforce, would say that we're too far left. This is absolute bullshit, because you sell a newspaper not on its political content, but by its general content as a newspaper. That's a fact. Why do the majority of people buy the Scottish Daily Express? Because of its content, not its political content. Because its a popular paper. I'm opening up two levels of argument, one that we can go more left, and try to get more trade unionists to buy the paper; and the other that it doesn't really matter which way you go, though I maintain we lose circulation as we go right."

D.M. "If you took the Record, the Record is turning out 672,000 papers per morning, and to me who has worked on a newspaper since 14, it's a trade paper. So the only thing I can assume is that this is what the people want, a trade newspaper."

R.G. "They want spot-the-balls....."

D.M. "They want spot-the-balls, they want cartoons, and decent cartoons - not just the junk we've got, they want the stars, the horoscope, some people buy a paper sheerly for that. Other people buy it sheerly

for racing, horse racing, good tipsters. Other ones buy it for sport, there's others just look at the dolly birds, I know people who buy the Daily Record or the Sun, the Sun's worse than the Daily Record in the sense that the Sun is the nearest approach to a full frontal of any woman. Whereas in the Record its no just as bad. When people first buy the Sun, here's a queer thing, those that used to first turn to the back page and look at the sports page, automatically turn to page 3, now, before they look at the sport. Now is this what they want?

The editorial in here, tells us 'they want to produce a good newspaper', editorially that might be OK from their point of view. That might be the right idea as well, they can go home to their bed and say 'We put out a good newspaper'. But if that good newspaper they put out doesna sell; this is the end product, does it sell? If that doesna sell, what good is it? Now there's the Daily Record, which most people, even the people who buy it will tell you, is junk. But they buy it. Now why do they buy it? At the present moment, we're doing a 14 page paper, and the majority of that 14 pages is all reading. There's no adverts, just reading. People don't seem to want this, they want the likes of the Record, ¼ adverts and few pages of reading. Just a few wee snippets and the horoscope."

Though the debate continued through the life of the SDN about whether the paper should commit itself to the labour movement and build up a politically sympathetic readership, or whether it should aim at the centre of the popular newspaper market with an emphasis on entertainment, the battle essentially was lost in the initial editorial concept and construction which was determinedly imitative of the mainstream capitalist populars. The result was a profound disillusionment and bewilderment for all those who opened the paper for the first time hoping to learn what a newspaper produced by and for workers had to say; a similar experience

to that of Bruce Glasier, a board member of the Daily Citizen set up in 1912 by the TUC, modelled on the existing mass-circulation dailies and designed by Fleet Street journalists, who recorded that he opened the first edition "With trembling and glanced hastily over its pages", but "felt no thrill of joy, no sense of satisfaction a decided feeling of disappointment grew on me. No it will not do - unless it is greatly improved. It is not distinctive, its Labour and Socialist news is scrappy. It has no grip. It has no raison d'être." (Holton, 1974, p.363).

The SDN Discussion Document issued to the press in 1974 idealistically claimed, "The layout of the paper will differ from that of the Daily Express, as certainly the philosophy and content will". (1974, p.1).

Regrettably when the Daily News finally emerged, both the appearance and the content projected the ambiance of the Express, within which philosophical conversion was scarcely discernible. "A mutation of the Express and the Sunday Express", was how two print workers described it. The SDNs most devoted supporters felt a sense of rejection, and even Tony Benn, some years later was to admit at an ICOM meeting that all the SDN editorial achieved was "The Express without the malice". (2 October 1979).

Editorial Freedom and Control.

Editorial control of the SDN was something of an enigma for most of those involved in the newspaper, they knew that controls were being applied, but by who and what they were not quite sure. The Action Committee had established a broad editorial outline for the newspaper, and the Works Council was supposedly to retain control of general editorial strategy, but although IDU had questioned "the willingness of the proposed Executive Council to allow the essential freedom of action to the Editor", in practice, as the Prospectus itself stated it was the editor who had "responsibility for the editorial policy and content of the newspaper." (SNE, 1975, pp 23,7). Fred Sillito himself later maintained, "I doubt if any editor has ever been freer of pressures from

non-editorial sources than I was." (Bradley and Gelb , 1979b,p.11).

The worker chairman of the SDN, Allister Mackie was in favour of preserving the traditional prerogatives of the editor:

"Major issues are decided on in the Works Council, we decided that the newspaper was against entry into the Common Market, (though I'm for the Common Market by the way), we decided that the Scottish Assembly should have more economic teeth. But the workforce should not interfere with day to day editorial policy. The paper must have an identity, and must be predictable in its political and social philosophies. We cannot do that if we are run by a committee. It needs an individual to give the predictability we need."

It could be argued that investing control in the hands of one man, whose views were hardly representative, was a poor solution to the editorial differences which divided the SDN workers. But in the event it proved no solution at all, since Fred Sillito, quiet and introspective, was personally not capable of imposing editorial domination. Mackie quickly recognised this, "Sillito did not want a heavy news coverage in the first edition, which caused editorial disputes from the start. He was a weak editor." Ironically for the SDN, saddled with an orthodox editorial control structure but no editorial direction, "The editors indecision was final".

The vagueness of the editorial orientation was obvious in the Prospectus:

"First and foremost it will be a newspaper - telling it straight, simply and objectively; bright but not trivial, responsible but never pompous. It will present the latest in local, national and world events with style and vigour - but without seeking to make the humdrum or routine seem sensational. A newspaper with a sense of value and proportion.

It will be a sporting paper that caters for as many interests as possible, including minority activities. It will remain unconvinced that a footballer with a sore toe has first claim upon the Nation's sympathy. But it will view the sports scene with enthusiasm and proper respect for the gifted and heroic without forgetting that basically sport is supposed to be fun and not the most important thing in life.

It will be a political paper seeking to mirror as closely as possible the feelings of the people of Scotland - with a philosophy left of centre. It will provide an open forum for discussion on conflicting policies and viewpoints.

Above all it will not bore its readers with turgid polemics but will speak out with candour and gusto in the space reserved for the paper's own comments.

The fresh air of freedom will blow through its pages. It will aim to provide something for all age groups, from school children to pensioners - and no one will have to hide it from the family. But the interests and aspirations of youth on whom the future of our country depends, will receive special attention.

The intention is that everyone will find it entertaining and readable - and that they will buy it and go on buying it because they like it and trust it." (SNE, 1975, pp.5-6). Though written perhaps in order to disarm critics, who saw the SDN as a dangerous political vehicle, as much as to declare what the editorial intentions of the newspaper really were, this Madison Avenue blurb clearly indicated Sillito's preference for entertainment rather than information - with 2 lines on politics, 4 lines on sport, and 7 on style. It was not simply heavy political analysis which Sillito eschewed, but a detailed and critical approach to other subjects. For example James Russell insisted that to provide a satisfactory City Page anything less than 30 column inches

of prices and 10 column inches of comment would be inadequate, yet the Council minutes record how "Mr. F.Sillito, Editor, was in favour of carrying a small amount of City News, but despite arguments about possible effect upon advertising the Council conceded to Mr. Russell's request." (25 April 1975). To expect a different approach from Fred Sillito though was unfair, he was diligently pursuing the only concept of a popular newspaper he was aware of, having served 25 years with Beaverbrook, including 17 years on the Scottish Sunday Express, the most defiantly reactionary in the archaic Beaverbrook stable.

An apparent consequence of the lack of editorial control was that individually journalists at the SDN had more editorial freedom than they had ever experienced before to select and write stories and then see them printed without massive sub-editorial alteration. Editorial control in the capitalist press, contrary to popular legend about 'fearless journalism', is both hierarchical and systematically distorting in a particular direction, as Beckett maintains,

"Newspapers decide by the process of news selection what is important ... when we say 'newspapers decide' we do not mean that those who produce newspapers decide. We mean that newspaper editors and proprietors decide. Journalists use their professional techniques to implement these decisions." (1977, p.45).

One SDN reporter commented that

"When you covered a story on the Express with political overtones, you had to write it the way they wanted it. If you wrote it the way you wanted, the subs would simply change it back.

Here there is a lot more freedom when writing a story."

At the SDN there was a more informal co-operative relationship between the reporters and sub-editors than had previously existed, and less arbitrary imposition of editorial authority. John Hodgeman who worked as a sub-editor explained:

"There are no laid down departmental meetings, but there is an open-ended structure: anybody that questions anything is entitled to, and will have it discussed. If I'm working on page one, and I'm putting a certain story in, and someone turns to me and says 'Oh I wouldn't put that, there!' well I don't say, 'Well, fuck off!', I say, 'Well, why not?' and I turn to somebody else and I say, 'Well what do you think about what he said?' And he says, 'What about that guy over there, he was on the story last night'. We get involved in that way. Whereas in every other newspaper I've worked on there have been very strict formal lines between those who work and those who have people working for them. There were very strict areas which you couldn't cross over. You couldn't go to a night editor on any other newspaper and say, 'You've made a right balls up of that, we'd better get that changed quickly'. You couldn't say that, or you'd face the risk of losing your job. In this paper you can do that. But you'd better be right, because we just don't have the time to mess around."

But the lack of clear, collective editorial guidelines meant that journalists were operating in a vacuum which created confusion and accentuated individual conflict in interpretation, rather than allowing expression of coherent, different opinions, as McKay and Barr convincingly argue:

"Since the Daily News had no prepared policy and a total lack of political and editorial guidance, the selection of news, its prominence and the way it was treated depended on the whim and prejudice of the individual journalist. Ironically, the creative freedom which the journalists enjoyed - a unique opportunity to produce a newspaper of

their own style and reflecting their own convictions - resulted merely in an inconsistent newspaper, an unhappy rag-bag of spurious and eccentric stories. The editorial hierarchy never managed to harness the conflicting forces under firm guidelines, never created a policy and a treatment of news which was fresh or radical or even consistent." (1976,p.99).

Careful preparatory definition of editorial policy and approach by collective discussion of the journalists could have alleviated the problem of editorial anarchy. Yet the question arises - should journalists alone be involved in defining editorial strategy? Mackie maintained, "They were being given a chance no other group of journalists had ever previously been offered - the right to determine the editorial content of their own newspaper." (1976b,p131). But in a workers co-operative newspaper, should not all workers have the right to participate in the control of editorial policy, as in management policy generally?

Though the workers at the SDN took a keen interest in the editorial of their newspaper, as one said, "This is the only workers co-operative where the workers can afford the product", they were deprived of any formal means of exerting influence upon it. Mackie was aware of the workers frustration:

"The expectations of the members of the workforce during the first week or so had to be witnessed to be believed. Daily the paper's contents were analysed in every department. The attitude was one of "this is our paper, how can we improve it?" Sadly the editorial content did not rise to meet the aspirations either of the workforce or of the Works Council."

(1976,p.132).

Most journalists on the SDN jealously guarded their professional autonomy, and would have resented the intervention of print workers in editorial direction as much as journalists on any conventional newspaper would,

where the division between intellectual and manual labour is sacred. John Hodgeman was one of a handful of SDN journalists who could see the legitimacy of the print workers involvement:

"You've got to allow every worker in the building authority and responsibility over the editorial, not just the journalists. Like the Benn conundrum that the straightpress jumped on so heavily when he said the lift man at Thomson House had as much right to say what went into The Times as the editor. Whether that's practical or not, and I don't think it is practical to have 500 editors discussing everything that goes into the paper; if the lift man - we don't have a lift man, but we will have a lift man - if the lift man comes up the stairs and says, 'Look, I strongly disagree with your angle on that; then I think the attitude of whoever put the story in the paper should be, 'Well how many are there of you protesting? Let's talk about it in democratic numbers because we obviously can't cater for every point of view in the building.'

The great majority of the SDN journalists did not share Hodgeman's radicalism, and were far more concerned with carving out for themselves influential positions than in worrying about the absence of democratic involvement or accountability in editorial construction. Again, older journalists predominated; they had received larger redundancy payments than the younger journalists which helped them to survive the year of unemployment while the SDN was set up, but many had experienced great difficulty in finding other jobs, McKay and Barr, themselves journalists, commented acidly -

"There was doubt about the calibre of the editorial staff who were to produce the paper. . The feeling among other journalists was that those left in Albion Street after the

Beaverbrook departure were those who could not get jobs in the industry: as they were functionally unemployable they had to create their own employment. It was said by one senior journalist, that the devotion of the Albion Street journalists to the co-operative ideal was in inverse proportion to their talents." (1976,p.58).

Another Scottish journalist Neil Ascherson of The Scotsman also attributed the "miserable editorial quality of the Scottish Daily News" to the "mediocre journalists" left behind after the closure who could not find other jobs. (1978,p.136). There were some journalists though, such as James Russell, who could readily have found other work, who stayed with the co-operative out of loyalty; and others who left better paid jobs on other newspapers such as James Fyfe, Rusty Steele, John Hodgeman and Mike Buckingham, to join the SDN out of idealism. But though they struggled to make some lasting impression upon the newspaper, they were persistently overwhelmed by those who had more complacent editorial ideas. (Ron McKay, previously editor of the Glasgow News, was persuaded to join the paper to provide the original investigative reports the SDN sorely lacked. But he quickly became disillusioned with the uninspired editorial quality, the complacency, and the political degeneration. Soon he was reduced to muttering exasperated oaths about how awful the paper was). As Ronnie Gibson later sadly insisted, "There were good left wing journalists in the Daily News, but they were never allowed to use their talents."

It was among the conservative ranks of the older journalists, who had never been happy with the workers control structure at the SDN, that Robert Maxwell derived his most vocal support. Charlie Armstrong diagnosed another reason for this support:

"There are a number of people in the editorial department who are incompetent. They knew the Works Council was aware of this and would be restructuring the department so they decided their self-interest lay in Maxwell running the company."

The political ambivalence and personal opportunism of the journalists prompted another explanation from Jimmy MacNamara:

"Even at the lower echelons editorially, there's a lot of reactionaries. There's an awful lot of good blokes too. But I've made this point repeatedly: most espionage spies and double agents in the world come from the journalists' class. I don't know if you're a journalist or not? But it's not an accident you know, read any spy story - the bloke starts as a journalist. Why does he start as a journalist? Because that's a mode of employment that creates the attitude of sussing out information, picking away, and telling lies without turning a hair, and double dealing and all that. Well we've got our share here! "

The experience of writing for the proprietorial press has certainly exerted a more powerfully distorting conditioning upon journalists than other print workers: the treatment of information as a saleable commodity, the consequent comforts of professional privilege, and a familiarity with constant editorial prejudice and manipulation, has invested in most journalists a remote and tenuous connection with the truth, as it would be interpreted by the majority of people. Francis Beckett provides an illuminating example:

"A journalist now working for the Daily Mirror, with twenty-five years of Fleet Street reporting behind him, describes himself and his colleagues as 'willing whores'. It's not, he says, that news desks, news editors or editors say to their reporters: Go away and write a lie, go away and distort the truth. It's just that reporters know what is expected of them.

He tells the story of which he is still ashamed. In 1956 he was working for the Daily Mail, and was put on to the General Election coverage. So one day he found himself in a large, drafty hall in Watford listening to Aneurin Bevan. It was a brilliant speech, he says. But at the end of the meeting, he knew what was expected of him. He sought out a woman in the audience who had shouted something at Bevan. His report, the next morning in the Daily Mail began: 'A lone old age pensioner dared to challenge the might of Aneurin Bevan yesterday' He was congratulated by his news editor.

The question to ask journalists is not: when did your news desk instruct you to give stories a misleading slant? It is: how often have you given stories a misleading slant because you are a good enough professional to know what your news desk wanted? It is journalists who have to provide the propaganda copy that, in the old days, the great crusading newspaper magnates provided themselves." (1977, pp.43-4).

External Editorial Influence I: The Readers

The SDN journalists having lived with proprietorial pressures for years, and adapted to them, could hardly be expected to suddenly transform when left to their own devices. The tragedy was that neither the print workers in the SDN, or the working class readership, were able to exert any significant influence to make the journalists change. Instead of experiencing the impact of the active representation of the mass of readers ideas and views, the journalists composed their stories in as splendid isolation at the SDN, as in any other large newspaper, which was relieved only by the occasional article by some established public figure. An elitist, and potentially exploitative separation was maintained between those who pronounce and propagate ideas and those who merely receive them. Once again, John Hodgeman's high expectations were completely dashed:

"The columns of the Scottish Daily News are open to the lift man, to the editor, to me and to you, and to any member of the public. Not in the letters page where your letter will be cut to ribbons, but in an article - a major article - to say, 'I disagree, why I disagree, what I would have done instead. And y'know this is a healthy aspect of it.

Unfortunately, at the moment, we're filling it with that crud Teddy Taylor every other week. And y'know this is some kind of gentleman's agreement that the editor has with the foregoing Tory MP for Cathcart. It's bad enough being my MP, for the constituency I live in, without having to read him in the bloody paper I work in as well. And I'd like to see this gentleman's agreement put up against quite a lot of agreements - y'know ungentlemen's agreements - about saving 500 people's jobs. We're driving trade unionists away in droves each time they see the name of Teddy Taylor in print." ¹

In fact it was an article by the Conservative MP in which he criticized the plan to nationalize shipbuilding that led to the only significant instance of trade union readers of the Daily News securing a right of reply with a major article supporting their case. Nathan Goldberg, the deputy editor, dismissed the incident in a rather patronising manner:

"We made a blunder in a story we carried about Govan shipbuilders. We sorted out that, they accepted that we were doing it in their best interests - but it was a bit too subtle for the union leaders to understand, so I went down and spoke to them, the convenors,

1. After briefly flourishing as the Conservative Party opposition spokesman on Scottish affairs, Teddy Taylor lost in the May 1979 election, when his predominantly working class constituency reverted from the radical right to the radical left by electing as Labour MP the son of James Maxton the Clydeside militant during the first world war, and later Independent Labour Party MP.

the other day. They were great, they accepted the apology, and they said right we're going to make sure all our guys buy the paper. Whereas a week ago they were tearing the bloody thing up. Because they expect more from us."

The convenor of Govan Shipbuilders, Sam Barr, for whom the SDN position was "too subtle", sent to the newspaper a stunning article presenting a powerful case for shipbuilding nationalization:

THE NATIONALIZATION OF THE SHIPBUILDING INDUSTRY

I work in the shipbuilding industry. It is going through its worst crisis for decades: the world market has been deteriorating, it continues to do so and the recessionary process shows no signs of improving in the near future. Cancellations have taken place in the building and provision of large oil tankers. Dangers of non-tanker orders following the same slipway to disaster cannot be exaggerated - there's a very real threat that these contracts face random scrapping. Maritime governments elsewhere in the world are becoming increasingly aware of the situation and are acting accordingly. They are taking firm steps to protect their shipbuilding interests by ploughing heavy subsidies into the industry. Japan was first off the mark, slashing 60 to 80 per cent off the sales tag on new orders, thereby undercutting the corresponding price in the British yards by the same margin. Unless the British Government acts now and introduces similar measures, the industry will be left out in the cold and its workers and the country will face social and economic disaster.

Most of our shipyards have order books at present that should ensure full employment until 1977/8 as long as there are no more cancellations. So the time is right for legislating, to safeguard the present orders and to attract new business. This cannot be done without nationalization. Cash must be injected to allow for fair competition in the world market.

And to allow British shipyards to be modernised. Over the years the shipbuilding industry has suffered and deteriorated through the lack of investment by employers. In the last decade the Government has given these bosses grants to the tune of £150 million when they found themselves in financial trouble. Now some of these same employers, happy and complacent about their new-found security, don't want to know about subsidies and are strong opponents of the industry being nationalized. Others, aware of the very real difficulties that lie ahead see nationalization as the means of survival - hoping, of course, that they will still retain control of the business

"There are certainly serious problems ahead for the industry. If the Government acts now, the tragedy can be averted. It must demand that British shipowners place their new ship orders in British shipyards. In 1964, one-fifth of our vessels were constructed and delivered from foreign yards. Last year the percentage had risen to a frightening three-quarters. Nationalization of the yards will not fully solve the problems of the shipbuilding industry, but it will be a giant step in the right direction. All industries in capitalist countries suffer through a lack of an overall economic plan. They are too dependent on fluctuating free markets and this, naturally, leads to booms and slumps. The experience we gain and the lessons we learn in making a nationalized shipbuilding industry a viable project will be good for workers, good for industry and good for the whole country."

Regrettably, the SDN never sought to develop a dialogue with its working class readership, which could have resulted in many other stimulating articles such as Sam Barr's, and promoted the identification of the paper with working class concerns.

External Editorial Influence II: The Advertisers.

If the influence of readers upon the SDN was minimal, the opinion of advertisers remained of central significance in determining editorial policy: whatever ideals the newspaper professed, having accepted that almost half of revenue would come from commercial advertisements, the editorial could not afford to offend basic business interests:

"The Daily News might take a left posture, it might profess itself to be on the side of 'the wronged individual fearless in its views' but it could never be anti-business or capital. More important to the success of the co-operative than the goodwill and support of the public would be the approval, tacit or otherwise of big business. Newspaper economics dictate that news - 'the grey stuff between the advertisements' as Lord Thomson called it - is brought to reader by courtesy of the advertiser and entrepreneur. One subsidises the cost of it, the other disseminates and evaluates the usefulness of it." (McKay and Barr, 1976, p.59).

Two post-war Royal Commissions on the Press have naively claimed that the receipt of advertising revenue by newspapers "creates a relationship both remote and impersonal". (RCP, 1949, p.143; RCP, 1961, p.87).

The absurdity of this view would be amusing, if it were not so systematically destructive of the democratic flow of information through the press. James Curran has provided formidable evidence of the severe censorship exercised by the influence of advertising revenue upon newspaper editorial. (1977; 1978). The relationship of advertisers with the SDN was not "remote and impersonal", it was immediate, personal, and profoundly discriminatory. The general manager, Eric Tough, constantly stressed the importance of advertisers for the survival of the paper:

"I was continually trying to tell the Daily News board ... that the balancing factor was advertising. 'You must remember that you must write newspapers not just to get circulation but to get advertising.' I don't believe there was any bias against the newspaper from advertisers - they'll advertise in any paper that's going to get them sales. They said, 'We suspect what's going to happen, we know you're full of communists but we're prepared to see a good paper and if it is we'll advertise. But if your going to have the thing run by the handful of guys who pushed Beaverbrook into the ditch then you've had it Advertisers saw the Daily Record as a much more responsible paper, it had a management, therefore it had people who breathe the same kind of air as other managers. So they trusted it not to go too far. They could talk to the management over lunch in the right kind of clubs. They had no idea what the hell we would do when Nat Goldberg went off on one of his wilder communistic flights of fancy. They just didn't trust us."

(McKay and Barr, 1976, pp 108-9). (My emphasis).

In normal circumstances the duress of advertisers interests upon editorial content is not revealed, because in the past it has been so effective that it has eliminated any newspaper that would consider directly challenging the general commercial interests of business advertisers in such matters as profit levels, monopoly, government intervention or union militancy. Whatever specific criticisms are made in newspaper stories, are made within a framework of a basic acceptance of private ownership and control, managerial prerogative, the legitimacy of the profit motive, and the necessity for labour discipline and compliance. Thus as Curran has argued, in the commercial press advertising influence has been internalized in editorial policy:

"This process of influence is essentially an impersonal one that is inherent in the system of advertising finance of the press rather than 'abuse' that can be attributed to 'rogue' advertisers. The image of the predatory advertiser threatening the editorial integrity of the press is itself profoundly misleading. For advertising influence is not imposed upon the press so much as internalised by newspaper managements in strategies designed to maximise revenue.

It is an integral part of the economic system in which the press serves the clients - advertisers and readers." (1978,p.232).

The reason though, why advertising influence may be impersonal in this sense, is that it has been so systematically applied that editorial orientation is already suitably moulded, and no direct threat is necessary. In the case of the SDN which occasionally showed signs of breaking out of this hegemonic suppression of criticism, the reaction of advertisers was brutal.

Not only did advertisers strongly influence what the SDN said, but they also influenced who the SDN said it to. Eric Tough attempted to hammer into the Council and workforce the importance of appealing to those people who the advertisers found a valuable market:

"I have to remind you that not only must our paper appeal to readers, it must appeal also to the requisite number of readers in those demographic groups which are required by our advertisers. Half our revenue must come from advertisers who will be mightily influenced by what we say and how we behave." (General Managers Report No. 1, 21 May 1975,p.13).

"Our customers preferences are more important than our own in every respect. Our customers are advertisers and readers. Our Advertisers will depend on who our readers are, how many there are, and where they are". (General Managers Report, No. 3, 2 July 1975,p.5).

An advertising dominated circulation strategy would dictate that the SDN should neglect whole social groups, including active trade unionists, committed socialists, the unemployed, the poor, the sick and disabled, pensioners and others, who did not have the inclination, or means, to respond to the blandishments of advertisers: so much for a 'newspaper with a social conscience.'

A final, bitter irony was that the discrimination of advertisers was responsible for one of the few distinguishing features of the SDN editorial - the variety and detail of the stories. Because of the lack of advertising, the journalists were forced to fill the gaps in the newspaper with more editorial and information than would normally be presented in a popular newspaper. Hence: "The determining factor in the size of a newspaper is the amount of advertising: and the amount of news expands and contracts proportionately to match the fluctuations in this quantity." (Murphy, 1978, p.178).

Inconsistent Editorial and Isolated Campaigns.

The maintenance of an individualistic professional autonomy among journalists who held conflicting political orientations, the prevention of any significant readership involvement, and the insistent pressure to secure advertisement revenue, resulted in an editorial content which could only be described as schizophrenic. In the first months of the broadsheet, when an occasional left-wing stance was more emphatic, there were strong industrial stories, with condemnation of the mass redundancies announced at British Steel, Chrysler and at other Scottish plants; committed defences of the Industry Bill's proposals for the regeneration of the British economy; and outraged criticism of the seeming renewal of United States military aggression in South East Asia in the Mayaguez naval incident. Politicized stories though, were overwhelmed and lost amid a mass of trivial non-stories, used as

an excuse to include large photographs of attractive women; inflated sensationalist accounts of salacious crime, violence and disaster; public relations features on such subjects as Scottish tourism; silly and sarcastic "womens" commentaries; fatuous show business gossip; television choice (intruding on to the front page); and above all an obsession with the personal minutiae of professional sport. (If a footballer with a sore toe was not featured, a footballer who almost caught the wrong plane home from London was given headline treatment). (SDN, 12 June 1975).

Personal and political struggle over content and interpretation was a daily experience on the editorial floor, and though the conservative majority invariably won during the day, the left wing made surprise guerilla counter attacks at night:

"One characteristic of the Scottish Daily News which was consistent throughout the first two weeks was the way that it changed, visibly and politically, with different editions during the night. The first edition, for the North of Scotland, was presided over by Fred Sillito who usually left with the first edition at 10 p.m. Nathan Goldberg, night editor Jack Wills, and John Hodgeman took the paper through until the morning, usually gutting and remaking the front page for the second and succeeding editions which served the greater part of circulation." (McKay and Barr, 1976, p.107).

Thus the red hordes sweeping through South Vietnam of the evening edition would by morning be the victorious army of Viet-Cong liberators. The political inconsistency of the paper was obvious to journalists, print workers, and readers, and damaged the credibility of the newspaper. The commitment of the paper was never clear or durable, though there would be surprising outbursts on particular issues. The editorial would have been more convincing if it was at least consistent; and

since it was supposedly a workers controlled newspaper, a concerted support for the labour movement was a reasonable expectation which was never satisfied. Instead expressions of political commitment were fragmented and isolated:

"The left of centre politics of the Scottish Daily News were sectionalized neatly into the top left of the leader and front pages, never being allowed to intrude into the features or sports pages where, it could scarcely be disputed, the examination of a football club which discriminates against Catholics, or the influence of entertainment entrepreneurs in shaping television, are intensely political and strongly interesting topics. This schizophrenic approach failed to appeal to the political reader, who resented the trivialization of ideas and ideals, or to the apolitical, who saw the paper as weak-kneed and gauche. The much heralded breath of fresh air blowing through its pages had turned out to be a stale draught. The one section of the workforce which failed glaringly was the editorial. Never perhaps in British newspaper history have journalists been given unbridled freedom to come up with exactly the kind of newspaper they believed in written in a style to suit them rather than a proprietor or the notional admass reader. What was produced was a blurred stereotype, tokenly including all the ingredients, but without the panache or moral fervour of its rivals."

(McKay and Barr, 1976, pp 163-4).

The SDN presented its conception of a campaigning newspaper in consumer protection: the tired old formula of following up individual readers grievances about products or services they had purchased.

Sometimes the SDN achieved a successful resolution of the grievance from businessmen unwilling to face adverse publicity, however, rather than demonstrating the political efficacy of the newspaper it was a reminder of its impotence in affecting more general and critical issues such as industrial investment, housing, land ownership and poverty; and highlighted the feeble unwillingness of the editorial to report or engage in discussion on these issues. A traditional concern with individual consumer protection, was complemented by other 'safe' humanitarian concerns such as animal welfare; for example in a highly emotive story on animal experiments at a Scottish research centre which dominated the front page of 16 June 1975. The torture of monkeys was certainly a legitimate focus for moral outrage, but it is regrettable that the SDN rarely managed to project such a confident sense of unbridled anger and condemnation when considering the many tragic social and economic problems which afflicted people in Scotland.

The SDN however, did have sufficient conviction to engage in some isolated political campaigns. The most significant perhaps, was the campaign against the European Economic Community. Launched exactly one month before the EEC referendum on 5 June 1975, the Scottish Daily News was the only mass circulation newspaper in Britain to campaign vigorously for a 'no' vote. Almost the whole of the capitalist press, popular and quality, national and local, was solidly and uncritically in favour of remaining in the market:

"The whole press, with the exception of the Beaverbrook newspapers which hankered after the ghost of Empire Free Trade, was in favour of entry. Without a committed anti-market quality paper, respectable and serious objections to the common market were limited to private discussions, academic seminars, Whitehall committee rooms and the activities of a few pamphleteers. So for all the millions of words it attracted, the issue was not given a full public airing." (Hirsch and Gordon, 1975, p.18).

What dictated this uniformity of view on the EEC? Hirsch and Gordon convincingly argue that it was the commercial interests of the newspaper companies themselves, which decided their advocacy of the common market. The quality papers in particular saw the prospect of extending their readership to the English speaking middle class of Europe, and securing further lucrative advertising from the European based multi-national companies; thus advertisements placed by the Financial Times soliciting European readers and advertisers in 1971, began: "The Financial Times has always been in favour of Britain joining the European Economic Community." As Hirsch and Gordon conclude, "Much puzzlement has been expressed about the near unanimity of the British press in favour of the common market even though public opinion at large was hostile But surely the interests of the newspaper business as such were important. Newspapers that saw their own prosperity bound up with common market entry doubtless found it easier to believe the same was true for everyone else." (1975,p.54).

A more immediate reason why the press was so enthusiastic about the EEC, was the amount of advertising revenue the pro-EEC referendum campaign itself generated. The 'Britain in Europe' campaign had eleven times as much money to use for propaganda purposes as the 'National Referendum' anti-market campaign. When the government grant of £125,000 to both sides is subtracted, the pro-marketeers had more than 100 times as much declared finance to use as the anti's. And the pro-marketeers money did not come from little old ladies, but from large private companies; the majority in contributions of up to £25,000 from multi-national corporations, who privately conducted their own campaigns also. Shell, ICI, and GKN each gave £25,000 to 'Britain in Europe'. Ford, Reed, IBM and Rank each gave £20,000. Interestingly, even a nationalised company Rolls Royce 1972 gave £10,000

though the AUEW and the TGWU, who represented the majority of the companies' workforce were strongly opposed to the market. "They spent our money on their causes. And they will do it again, and again, as long as we let them." The pro-marketeers received £996,508 in contributions, the anti's £8,611. (Workers Control, November 1975, pp5-7). As for the SDN, not only did it suffer by not attracting pro-market advertisements; but because it did not have audited circulation figures, since it had only just been launched, it was deprived of government funded advertising concerning the referendum. (Guardian, 5 June 1975).

The Daily News therefore bore a great responsibility as the only major British newspaper which advocated leaving the EEC, but the political editor, Andrew Hargrave, (previously Scottish correspondent of the Financial Times), often seemed to be fighting a solitary battle. Though he marshalled powerful arguments in favour of leaving the market, his stand was rarely supported in the rest of the paper. Stressing the importance of the Scottish Development Agency, he maintained that Scotland's trade was far less EEC oriented than the rest of Britain's; and that assistance in the regeneration of Scottish industry would not stem from the EEC which emphasised rules of competition and restricted regional and industrial aid. With the announcement of the majority vote in favour of remaining in the market, Hargrave provided some disconcerting predictions for the future of Scotland under the EEC:

"A further concentration of wealth, political and economic power in the "Golden Triangle" of London-Brussels-Frankfurt. This would only be mitigated but not reversed by fringe moves such as regional aid and social benefits. A tendency by the UK Government to manipulate oil and gas revenues solely to wipe out foreign debts rather than use the proceeds

to revive the economies of the oil and gas-rich areas such as Scotland. An equally strong pull by the rest of the EEC to use North Sea oil and gas in support of a Community energy policy (including less dependence on Arab oil) rather than just the UK's". (16 June 1975).

Therefore Hargrave concluded, it was vital that Scottish representatives exert what influence they could in Brussels, to prevent further decline of the Scottish economy.

Just three days later, SDN policy on the Common Market seemed to undergo a profound shift. In an enthusiastic article Ted Whitehead proclaimed the benefits and opportunities of EEC membership:

"From out of Europe in the past 24 hours since we made our decision to remain in the Common Market there have been expressions of satisfaction, relief, and unrestrained elation from the other eight member States.¹ No wonder Britain's contribution to the EEC is invaluable in the present international climate of economic, political and strategic uncertainty. As far as Europe is concerned, our decision could not come at a more opportune time. We can bring the solidarity, the political and social experience, our know-how and our sense of compromise and tolerance that could consolidate Europe into a third world Power." (19 June 1975).

There followed a fawning and uncritical article which paid no attention to the previous anti-EEC stand of the SDN, the undemocratic nature of the referendum campaign, or the strength of the arguments against membership which remained valid. The story read like a public relations report for the EEC. (Perhaps it was a public relations report of the EEC).

1. (If the member states realised then that Britain was to subsidize the EEC budget by £1,000 per annum, there was good reason for elation.) (Sunday Times, 25 November 1979).

In two days spent in Brussels, Whitehead clearly had self-indulgently succumbed to the expensive and sophisticated EEC public relations techniques. But the worst feature of the story was a pompous and absurd claim of the amount of influence Scottish politicians could exert upon the massive and immovable EEC establishment, and the role the SDN could play:

"This paper will keep a close watch, through our contacts, correspondents and myself in Brussels and Strasbourg on the workings of the Community as a whole. In this way we can alert the various agencies, industrialists and commercial interests here in Scotland to take full advantage of whatever situation will arise, and make sure that Scotland's interests are to the forefront."

Andrew Hargrave quietly left the SDN, but Eric Tough was delighted by this conversion to the merits of the common market and warmly supported Whitehead's suggestion of a "'European Action Desk' aimed at alerting Scottish Industry to the advantages of the EEC." (General Managers Report, 2 July 1975, p.3).

Another campaign the SDN mounted, was in defense of the Ladbrokes bookmakers office staff in Scotland, who took strike action in the summer of 1975 to secure recognition of the TGWU. John Hodgeman was pleased with this representation of workers fighting for fundamental trade union rights, "I'm glad with the coverage we're giving to trade union aspects of stories, though we do give a hearing to other points of view. Other newspapers claim to do so, but I know from working on them that trade unionists comments are scythed out - they're allowed a maximum of one quote, whereas the bosses are allowed many". But a problem with presenting workers views instead of systematically censoring them, is that employers retaliate vehemently, as the SDN was soon to discover. As Nathan Goldberg said, "A lot of people think we bias stories because we're not afraid of the truth. Because we say 'the strikers said something.....' then

we're inciting them. Because we give a wee bit more to the union side then we're absolutely biased in our stories." Thus Ladbrokes threatened legal action over an article in the SDN which quoted strikers as saying that the firm were planning to bring in strike breakers from England. (A month before workers from England had been turned back by Scots pickets.) Surprisingly, the SDN proudly stood its ground:

"We are happy to announce that Ladbrokes claim they have no intention of bringing in strike breakers. We are not publishing this because the company has threatened us with the law. This newspaper has always maintained that our readership comes first and any story in the public interest will be printed. It is in the interests of fairness that we report Ladbrokes comments. But we are still unhappy as are the Transport Union, many MPs and councillors at the way 300 workers are being treated. These men and women are still out on the streets fighting to defend what is a basic right in this society to form a trade union. This disgraceful situation is not simply a matter of labour relations. It is a case of defending the dignity of people at work. Ladbrokes can wring their hands in London, claiming that these people are technically no longer on strike because they are sacked. But we say that Ladbrokes must realise that they cannot turn the clock back to before the Tolpuddle Martyrs and that the people of this country will not tolerate such treatment whether it comes from London or Glasgow."

(17 July 1975). Though this campaign may be regarded as the SDN's finest hour, defending the right to join a trade union is hardly at the forefront of political radicalism, and yet the response of advertisers was swift and severe. Under intense pressure, Eric Tough despaired at what were in fact solitary attempts to protect workers interests by the SDN:

"I offered free half-pages to major advertisers. And the reaction was "If I want to kill my bloody product I'll advertise in your newspaper." We gained a reputation very fast. In our first six weeks we had nine dud front pages. Highly emotive, left-wing front pages. And then the Ladbroke's thing. That killed us, crucified us. Two national advertisers phoned me and said that their industries were extremely sensitive to strikes. One said, "If your newspaper is going to back strikers just because they're strikers then the sooner your paper's dead the better. I'm not going to keep alive a newspaper which, the first time I get a strike, will back the strikers irrespective of my problems." (McKay and Barr, 1976, p.108).

A final campaign of the SDN was to consistently back Tony Benn in the struggle to preserve the Wilson government's commitment to the Labour manifesto of 1974. Many of the radical stands of the SDN on the EEC, on industry, and other government policies, were influenced by the position which Benn adopted, though there is not a trace of evidence that Benn ever attempted to suggest editorial policy to the newspaper. When Benn was forced to move from the Industry Department to Energy in June 1975, the SDN was deeply distressed, and reported on the front page the reasons for the move, including the explanation of Judith Hart who had also been sacked:

"The City, the CBI and the Conservative Party have served notice on the Government that it must sacrifice the industrial policies upon which it was elected, in the shaping of which I played some part within my party. It is a radical policy, but it is a relevant policy. Socialism must always be relevant to the problems of our nation and our people. If the Government seeks to solve them by capitalist methods, and abandons its Socialist policies, it will fail to solve the

economic crisis and it will betray the Labour Movement.

Every Minister involved at every stage of the work on the Industry Bill has been displaced. I cannot disregard the significance of that." (12 June 1975).

For some at the SDN the experience of the economic and social decline of Scotland had convinced them of the need for radical intervention to regenerate industry as advocated in the original proposals of the Industry Bill. For many others, support for Benn's policies jarred with their more conservative views on most other issues, and seemed to be largely a gesture of gratitude for Benn's rescue of the newspaper, and a transference of deferential loyalty from the mighty Beaverbrook to Benn; which was readily switched to Robert Maxwell in the last months of the paper, when he appeared a potential saviour.

The Greatest Stories Never Told.

The muted and inconsistent politics of the SDN editorial, and few critical stories that emerged, gave the impression that there was little to write about besides trivia. In the long hot summer of 1975 particularly, the SDN succumbed to the editorial doldrums that seem to affect all of the contemporary commercial press. This lack of inspiration about what to say was not only an insult to the struggle to create the paper, but, more seriously, was a rejection of the responsibility to reveal the true dimensions of Scotland's social and economic problems, to explore the causes of these problems, and to assist those who were trying to fight them. The SDN wasted the chance to break out of the enormous complacency, institutionalized ignorance, moral ambivalence and systematic inhibition of radical editorial which buried the insight of the capitalist press, and to publish the stories that were never told.

Scotland has a sad history, which rivals its Celtic neighbour Ireland, in the depths of human tragedy its people have endured. Colonization and clearances, the empire and emigration, the depopulation of the highlands and the decline of industry, have left a bitter legacy of acute social and economic inequality, poverty and unemployment: the vast privilege of a few, contrasting with widespread social despair and destitution - a land still stamped heavily with the mark of feudalism. The SDN journalists had eyes to see this all around them, but if their own imaginations failed, there was available a growing body of radical literature, which they could have used to build their stories from. In 1973 and 1974 Scottish theatre had been set alight by the work of the 7:84 theatre company, particularly by their performances of John McGrath's play, The Cheviot, The Stag, and the Black, Black Oil (1974), which described in the form of a Highland ceillidh the exploitation of the Highlands by the Scottish aristocracy and wealthy English, and the oppression of the crofters. In the summer of 1975 a socialist symposium, The Red Paper on Scotland was published, edited by Gordon Brown, the Edinburgh University student rector. This work soon hit the best-seller lists, and contained twenty-eight forceful articles on economic and social problems, industry, oil, and land, written by academics, but also trade unionists and political activists. In particular the article of John McEwen on land ownership, which was later followed by a book, Who Owns Scotland? (n.d.), was rivetting reading. This symposium could have stimulated dozens of colourful and relevant stories in the SDN on the plight of Scotland, but was almost ignored by the newspaper. Finally, during these years, there had been a mushrooming of critical literature and thought in Scotland, reflected in journals such as Calgacus and New Edinburgh Review, which covered politics, current affairs, history and the arts; and in a flurry of alternative grassroots newspapers, especially the impressive West Highlands Free Press. The SDN could have been a channel through

which such literature was made accessible to an infinitely wider audience than was reached by academic journals; and the SDN could have used the alternative press as a source of important investigative stories, to which it could have added the impact of national coverage. As Brown insisted, "The early Scottish socialists believed that the bridge between their utopian ideals and the practical politics under which people suffered must be built in a massive programme of education and propaganda. Today in Scotland we have no daily or weekly specifically Scottish political newspapers, no socialist bookclub, no socialist labour college, no workers university, and only a handful of socialist magazines and pamphlets. We need all of these now." The Scottish Daily News could have provided a major contribution to bridging this critical separation between socialist ideas and workers experiences. Instead, the SDN concerned itself with showbiz and sporting gossip, and other mindless irrelevancies.

To argue that the readers of a popular newspaper want to be entertained, not educated, want to be amused and made to feel comfortable, not aroused into discontent and struggle, is the stock answer of the capitalist press to complaints about the shallowness of their editorial. This argument ignores that workers papers in the past have rivalled the quality press in their depth of analysis (and that this is by no means incompatible with humour); is a calculated insult to the intelligence and literacy of workers; a manipulative effort to divert and undermine protest; and greatly underestimates the depth of commitment of workers to alleviate the problems they are faced with, and how the achievement of improvements might present a more significant and enduring contribution to the happiness of workers than the entertainment offered by the popular press. It might help to show this by briefly examining some of the issues the SDN badly neglected.

In an industry in which yesterday's news is obsolete and worthless, history is not highly regarded: except for occasional nostalgic

excursions into the glory of the Empire, or stirring accounts of heroism in the First and Second World Wars, capitalist newspapers prefer to forget about history. And yet it is only by considering Scotland's past, that the contemporary predicament of an abused country can be properly understood. For the bloody colonization of Scotland by England was achieved with the willing compliance of the Scottish aristocracy and the emerging Scottish capitalist class: "During the prolonged era of Anglo-Scots imperialist expansion, the Scottish ruling order found that it had given up statehood for a hugely profitable junior partnership in the New Rome." (Nairn, 1975, p.24). The bitter irony of the English military occupation of Scotland, was that Scotland itself served as a major source of the regiments which were used to suppress the peoples of the growing British Empire. Prebble has accounted in heart-rending detail the betrayal of the Highland foot soldiers by their chiefs, who sold them off for service in distant lands:

"In the years following the last Jacobite rebellion the Government had raised ten marching regiments in the mountains, twelve thousand men, and had deployed them bloodily in Europe, India and North America. Between 1757 and 1763 more Highlanders wore the King's red coat and the King's black tartan than ever followed the last Stuart prince. This early exercise in the military use of a subjected people, to be consciously or unconsciously copied later in the similar employment of defeated Sikhs or Baluchis, had diverted the warrior zeal of the clans into the service of an authority they had instinctively resisted for centuries, and while their spirits were still numb with despair. The young men of these regiments were also hostages for the good behaviour of their kinsmen, and their valour on distant battlefields had solaced their fathers' bitterness. The use that might be made of Highlanders in the King's wars had been recognised by some English officers

who faced their furious charge at Falkirk or Culloden. Soldiers must die in battles, and where else in the kingdom were there men whose courage could be better employed, and whose death would be the least regretted? An early enthusiast was Major James Wolfe he said, "They are hardy, intrepid, accustom'd to a rough Country, and no great mischief if they fall. How can you better employ a secret enemy than by making his end conducive to the common good?" (1977,pp 93-4).

The social and economic structure of the Highlands was systematically torn apart by the enforced dispersal of the clans, the continuous bleeding of the population for soldiers and emigrants, and the establishment of a rack-renting crofting system without security of tenure, by which the chiefs attempted to increase their income to English standards. (Foster, 1975,p.147). But the exploitation and depopulation of the Highlands was savagely accelerated during the Clearances which began at the end of the eighteenth century when the Scottish peasantry were brutally evicted from their crofts by the landlords, to make place for the more profitable Cheviot sheep: "Once cleared of men, a laird's land could be leased to Lowland graziers and his fortunes assured, his debts paid and his southern fancies indulged." (Prebble, 1977,p.263). Under the name of 'Improvement', hundreds of thousands of people were stripped of both their homes and their livelihoods and forced out of the mountains and valleys and into the manufacturing towns. Later in the nineteenth century, the vicious process was repeated, motivated by destructive and irresponsible greed, to lay the land waste for the stag. (McGrath, 1974). Humanity was driven from the Highlands.

Karl Marx in a chapter of Capital on 'The Expropriation of the Agricultural Population from the Land', examined the Highland clearances as the extreme instance of expropriation of communal land by aristocratic embezzlement:

"The Highland Celts were organized in clans, each of which was the owner of the land on which it was settled. The representative of the clan, its chief or 'great man', was only the titular owner of this property, just as the Queen of England is the titular owner of all the national soil. When the English government succeeded in suppressing the intestine wars of these 'great men', and their constant incursions into the Lowland plains, the chiefs of the clans by no means gave up their time-honoured trade as robbers; they merely changed its form. On their own authority, they transformed their nominal right to the land into a right of private property, and as this came up against resistance on the part of their clansmen, they resolved to drive them out openly, and by force. 'A king of England might as well claim to drive his subjects into the sea.'" (1976, p.890).

Marx pointed to the example of the Duchess of Sutherland, who between 1814 and 1820 'hunted and rooted out' the 15,000 inhabitants of the county of Sutherland, to replace them with 131,000 sheep roaming a desert:

"All their villages were destroyed and burnt, all their fields turned into pasturage. British soldiers enforced this mass of evictions, and came to blows with the inhabitants. One old woman was burnt to death in the flames of the hut she refused to leave. It was in this manner that this fine lady (the Duchess) appropriated 794,000 acres of land which had belonged to the clan from time immemorial. She assigned to the expelled inhabitants some 6,000 acres on the sea-shore - 2 acres per family. The 6,000 acres had until this time lain

waste, and brought in no income to their owners. The Duchess, in the nobility of her heart, actually went so far as to let these waste lands at an average rent of 2s 6d per acre to the clansmen, who for centuries had shed their blood for her family." (1976, pp 891-2).

(When the new Duchess of Sutherland lavishly entertained the author of Uncle Tom's Cabin to show her sympathy for the black slaves in North America, Marx sent the details of the 'Sutherland slaves' to the New York Tribune; the article was reprinted in a Scottish newspaper and began a polemic between the newspaper and the sycophants of the Sutherlands)!

The legacy of this expropriation is the present desolation of the Scottish Highlands. A combination of neglect and deliberate misuse of land by the landlords has reduced both crofting and farming counties into a barren wilderness. John McEwen spent sixty years as a working forester, in the effort to restore the forests of Scotland in the face of aristocratic negligence, and has provided a catalogue of the landlords misdeeds:

"First, the inadequate husbandry in agriculture sticks out a mile, particularly in the huge area of their 10,000,000 acres of rough grazings - it always has been so and still is. Secondly, in forestry with their 200/300 years practice I have not seen a single private estate with well managed woodlands: so very different from the excellent silviculture found all over Scotland in our state forests with only 50 odd years experience behind them. Thirdly, the sadistic obsession with game resulting in the almost complete degradation of millions of acres of land." (n.d., p.7).

The scale of this problem is only appreciated when it is realised that large private estates own most of Scottish land: in a population of

5 million, only 1,739 estates account for two thirds of the total land area.

Scottish Land.

Private Estates Down to 1,000	1,739 Estates	12,030,300 acres
Private Estates Under 1,000		4,500,000 acres
State Owned Land (Forestry Commission, Dept. of Agriculture, etc.)		2,500,000 acres
Total Land Area of Scotland	19,068,807 acres.

(Source: McEwen n.d., pp 17,88).

Feudal lairds, earls and dukes, multi-national companies, tobacco, beer and whisky magnates, financiers, retired generals, Tory politicians foreign businessmen, and others who are scarcely a representative sample of the Scottish people have control of vast areas of Scottish land which they use to indulge their own pleasures. To look just at the pinnacle of this rotten privilege:

Table 17 Landlordism in Scotland: The Top 15 Landowners. (1970).

<u>Owners</u>	<u>Estates</u>	<u>Acres</u>
Duke of Buccleuch	Buccleuch Estates	277,000
Wills Family	Wills Estates	263,000
Lord Seafield	Seafield Estates	185,000
Countess of Sutherland	Sutherland Estates	158,000
Duke of Atholl	Atholl Estates	130,000
Capt. A.A.C. Farquharson	Invercauld Estates	119,000
Duke of Westminster	Westminster Estates	113,000
British Aluminium Ltd	British Aluminium Estates	110,000
Lord Stair	Stair Estates	110,000
Sir D. Cameron	Lochiel Estates	98,000
Duke of Roxburgh	Roxburgh Estates	96,000

<u>Owners</u>	<u>Estates</u>	<u>Acres</u>
E.H.Vestey	Vestey Estates	93,000
S.Vist Estates Ltd	S.Vist Estates	92,000
Lord Cowdray	Cowdray Estates	88,000
Liberton Properties Ltd.	Big House Estates Vig Crofters Estates.	85,000

It would be difficult to exaggerate the remoteness of the landlord class: for example, six major estates own 45% of the land on the island of Mull, "Superimposed on the island's remnants of Gaelic-speaking people is an upper-class social hierarchy: the titled, landowning and officer class". The principal private landlord is Viscount Masserene, whose precise identity was unknown to some of the islanders, since he seldom visited the island: "John Glotworthy Talbot Foster Whyte-Melville Skeffington, of Chiltham Castle, Kent; Clotworthy House, County Antrim, and Knock, Isle of Mull; is no ordinary mortal. An Old Etonian, ex-officer in the Blackwatch, a Freeman of the City of London, a member of the Worshipful Company of Shipwrights and a director of several public and private companies, a former Whip of the Tory Peers in the House of Lords and the man who introduced the 1963 Deer Act" Another laird Lord Strathcona is the sole employer on the island of Colonsay, and in 1966 decided to sack all of his 14 employees. Four years later he tried to ban all campers from the island. Lord and Lady Strathcona have a home in Bath, Somerset, yet on Colonsay "..... apart from the church, the tiny school and the county council pier, the rest is theirs: every acre, every croft, the island farm, the island store, the island inn - the lot." (Calgacus, Summer 1975, pp 40-41).

Confined to infertile patches of land the crofters numbers gradually depleted, until in desperation they revolted against their servile status. In 1882 the Highland Land League was formed, and in 1884 the Scottish Land Restoration League. In 1885 five crofters MP's were

elected to Parliament and a year later the Crofters Commission was set up, rents and arrears were reduced, and tenure guaranteed. The Landlords retaliated with writs for eviction, and crofters leaders were hunted like game. In a continuing struggle the crofters carried out land raids in the effort to stave off total extinction of the human population: a fate which befell many of the islands which are now uninhabited, and large tracts of the northern crofting counties.

Private landlords in the Highlands neglect their land so badly that two thirds is entirely unproductive, whilst the one third that is productive is badly managed. The important contribution the Highlands could make to the British timber industry is squandered, and the Forestry Commission had to be set up after the First World War when ships, which could have been used to import grain for the hungry population of Britain, were diverted for importing timber. Yet much of the Forestry Commission's work consists of providing public incentives to private landlords, which combined with tax concessions, is the only way the landlords can be induced to plant anything: in April 1977 planting grants were more than doubled from £18 per acre to £40.50 per acre, with the added inducement of £3 per acre per annum management grant. (McEwen, n.d., pp 90-95).

Landlords stop crofters from developing the potential of the land with the threat of eviction: they prevent hill ploughing, or any increase in crops or husbandry; while themselves fencing off good grass to allow the return of the heather to encourage game. Land which could support thriving communities is made waste for the grouse and the stag. Even some landlords are embarrassed by this systematic vandalism, one body, the 'Highland Forum', admitted, " it was thought undesirable that so many owners still looked upon their land as a sporting playground for their own selfish amusement, and that this often meant misuse of the land itself in order to make it a better wilderness for wild life. Land ownership should be deemed a trust and where the owner cannot see this, the Government should forcibly intervene". (McEwen, n.d., pp 104-112).

Yet the Highlands and Islands Development Board established in 1965 to restore the economy of the north of Scotland, has chosen not to exercise the limited powers it possessed, but to work within the constraints of the existing ownership of land: "By thus accepting the extraordinarily inequitable landholding structure of the Highlands the HIDB has reinforced the political and economic power of the great capitalist landlords who form the Highland bourgeoisie". (Carter, 1975, p.251). Socialists in the Highlands realise the urgent importance of public ownership and control:

"We assert that the land of Scotland is the natural inheritance of the people of Scotland. Private ownership of land is a medieval concept, designed to ensure the dominance of a self-perpetuating oligarchy. It is an affront to reason for a private individual to claim ownership of mountains, lochs, and rivers." (McEwen, n.d., p.127).

The Scottish Daily News could have played a vital part in publicising in graphic detail the enormity of the social injustice and economic waste entailed in the present Highland landlordism. Yet the paper relegated the problem to a few small articles, as did other newspapers. Probably editorial staff at the SDN would have regarded it as somewhat disreputable to attack the pillars of the Scottish establishment, (some of whom they had circulated, completely in vain, with requests for investment in the SDN), though no other authority than Ramsay MacDonald had eloquently beseeched just such an injunction:

"Show the people that our Old Nobility is not noble, that its lands are stolen lands - stolen whether by force or fraud; show people that the title deeds are rapine, murder, massacre, cheating or Court Harlotry; dissolve the halo of divinity that surrounds the hereditary title; let the people clearly understand that our present House of Lords

is composed largely of descendents of successful pirates and rogues; do these things and you shatter the Romance that keeps the nation numb and spellbound while privilege picks its pockets." (Foreword to T. Johnston, Our Scots Noble Families, 1913).

The feudal exploitation of Scotland's past was the foundation of the contemporary problems of a ravaged country and people. Feudal interests were central to the early industrialization of Scotland: the Clearances were intended not simply to clear the land but to provide labour for the mills and factories. "In the eighteenth century the Gaels were both driven from the land and forbidden to emigrate with a view to driving them forcibly to Glasgow and other manufacturing towns." (Marx, 1976, pp 890-1). The coal reserves of the great private estates of Fife and Lanark and other countries of the central industrial area were recklessly plundered by their aristocratic owners who left behind slag heaps of human misery and environmental decay, while the Balfours, Weymss, Morays, Buccleuchs, Hamiltons and Homes used their enhanced wealth to ensure they remained at the heart of the British ruling class. (McEwen, n.d., pp 62-72). The development of Scottish industry, to compensate for its disadvantage in the internal market, was geared to production for the empire, and its success was therefore based on the expansion of British imperialism and militarism, as Gollan maintained:

"When textiles ... started to give way, first to coal and iron and then later to steel, shipbuilding, engineering and railways, the pattern of modern Scotland was laid. It was part and parcel of the British imperialist system. Scotsmen were enlisted as lieutenants in the exploitation of the colonies and returned with their share of the booty. Out of all this came the Midland industrial belt, the tenements, the slums, the squalid towns...." (Quoted in Foster, 1975, p.148).

The Scottish people evicted from the Highlands, and the Irish fleeing from famine in their native country were thrown together in this process but were not passive recipients of their own and others' oppression, as the Land Leaguers fought the lairds, workers organized in resistance to the capitalists. From the beginning there was an emphasis on heavy industry in Scotland, with large mines, forges, factories and shipyards employing thousands of workers, and creating the classic conditions for socialist revolution presented in the Manifesto of the Communist Party by Marx and Engels: large concentrations of capital collecting together huge numbers of wage labourers, in order to further augment capital, but in the process involuntarily promoting the revolutionary combination that would ultimately lead to the political downfall of capitalism. Thus the industrial belt of Scotland was at the forefront of the development of trade unionism and socialism in Britain. The Scottish working class produced many socialist leaders who possessed a unique combination of intellectual training and ability, revolutionary passion and industrial experience. Though Scottish workers remained, for most of the time, captured by the Liberal Party and later the Labour Party, when the occasion demanded - despite the hurdle of deep religious differences - they showed a capacity to mobilize massive political dissent. Successive governments reasonably feared the possibility of revolt on Red Clydeside, since if revolution was to come to Britain, it would begin there.

The climax of this struggle on the Clyde occurred in the decade 1910-20. The doctrines of industrial unionism and revolutionary syndicalism were widely propagated by the Socialist Labour Party and the British Socialist Party, and ignited with the industrial militancy of engineering workshop craft unionism. (Hinton, 1973). With the onslaught of the First World War it was the Clyde shop stewards movement that first practically challenged the employers profiteering from the

industrial war effort at the expense of working people. The Clyde Workers Committee was born out of a strike for a two pence per hour increase in 1915, and developed with the rent strikes in the tenements of Glasgow later in that year, as munitions workers joined with housewives in protest at the rent increases imposed by the slum landlords. In July 1915 the government passed the Munitions Act which 'erected the scaffolding of industrial slavery' by making industrial action illegal in the war industries; but Lloyd George's effort to persuade Clyde workers of the virtues of dilution of labour in December 1915 failed when he was met with open derision, demands for nationalization and a rousing chorus of the Red Flag. A Conscription Bill early in 1916 failed to halt the opposition to dilution expressed in a wave of strikes and solidarity action throughout Clydeside. In March the leading shop stewards in the Clyde Workers Committee were arrested and some were imprisoned, while others deported to engineering districts in England, which served to extend the shop stewards movement, and helped to organize the May 1917 strike of 200,000 engineering workers. The Russian revolution reverberated through Clydeside, and John MacLean two months after he was appointed Soviet Consul for Scotland, was arrested for disseminating anti-war sentiment and advocating revolution. As workers demonstrated outside for his release, MacLean made an impassioned denouncement of capitalism in court. (1978). Finally at the end of January 1919, in an attempt to prevent post-war mass unemployment, Glasgow shop stewards called a general strike to fight for a reduction in the working week to forty hours. The response to the call was overwhelming, but as thirty thousand workers awaited a reply from the government in George Square, they received a response in a brutal attack by the police, and the armed occupation of Glasgow by the military. In the face of state repression, and victimization by the national engineering union leadership, the strike collapsed. Though Scottish socialists had

failed to achieve revolutionary change in Scotland, they continued to play a central role in the British labour movement in the defensive struggles of the inter-war years, in the formation of the Communist Party (Gallacher, 1978); and in National Unemployed Workers Movement. (McShane, 1978). Until the present day Clydeside has remained a socialist stronghold, almost regardless of the political complexion and variability of most of Britain.

The economic decline following the First World War weakened the labour movement, and sharply revealed the imbalance of the Scottish economy. As overseas markets for heavy engineering dried up, new industries and technologies were sited in the Midlands and South East of England, and Scotland's heavy industry was sustained merely at the level to permit a rapid rearmament programme, which if based further south may have disrupted the labour supply of the flourishing consumer goods industries. Nor did Scotland fare any better with the introduction of state capitalist planning after 1945:

"This now operated in near full employment conditions through direct investment subsidies and the manipulation of consumer demand in favour of big monopoly producers. As such, the new system positively needed a periphery of unemployment regions to enable the monopolies to escape from the overheating pressures at the centre (and the persistence with which post-war governments have resisted demands for effective regional policies - that is the establishment of new, state owned industry - would seem to indicate that they were quite aware of this). (Foster, 1975, p.149).

The result is that Scotland has become a peripheral, colonized, economy. As domestic industries have withered, the only solution attempted has been the encouragement of foreign capital, that provides merely temporary support and creates a dependent and highly vulnerable relationship.

The most startling feature of the colonization of the Scottish economy is the extent of external control: in 1973 almost sixty per cent of employment in manufacturing industry was in plants where ultimate control lay outside Scotland. Scotland had the largest amount of United States investment per capita of any country in the world after Canada in the 1970s (and double that of the rest of the UK). Large plants dominate the Scottish economy, 110 enterprises accounted for 46% of total manufacturing employment in 1973, and the larger the enterprise the more likely it was to be controlled externally, often as a subsidiary branch of a multi-national corporation. Finally, in the fastest growing sectors of the economy there was the lowest participation of Scottish capital, and in the five fastest growing sectors - including instrument engineering, chemicals, and electrical engineering - Scottish capital accounted for only 13.5% of total employment. (Firn, 1975, pp 153-163). Whilst the arrival of large amounts of capital from England, the United States, and other countries, created much needed employment in Scotland, often in new industries, it was accompanied by conditions which imposed a dependent status upon the Scottish economy. Subsidiary branches of large companies are dependent upon the central administration for allocation of investment, markets and products; research and development is centralized and the newest technologies adopted at the major plants, subsidiaries being confined to routine manufacturing. Administrative and technical specialists have to leave regional subsidiaries, and semi-skilled assembly work arrives in return. Most damagingly of all, multi-national corporations trade within themselves to the disadvantage of regional subsidiaries: thus raw materials and plant are purchased outside Scotland, products manufactured at the subsidiary sold in Scotland, and then the balance remitted to the parent company in the form of interest, profit and dividends. (Firn, 1975, pp 164-5). Finally it is easier to

expand or contract regional branch plants than it is the parent company, in response to competitive pressures, so employment proves highly volatile as world demand, or the companies market share, increases or decreases, (a process illustrated by the closure of Albion Street itself by Beaverbrook). (Niven,1975,p.215-6). Due to its dependent position the Scottish economy, as with the other regions, is the first to suffer and the last to recover, as multi-nationals subordinate their operations in peripheral areas like Scotland to central corporate strategies:

"Indeed, it is becoming difficult to talk meaningfully of a distinct 'Scottish Economy' except in a strict geographical sense..... the old trading ties between Scottish companies and their overseas customers are steadily being replaced by more sophisticated and largely unchartered relationships lying within multi-national companies. This in turn raises very substantial problems for those trying to produce estimates of the Scottish balances of trade and payments, in that intra-company flows of goods, services and payments - especially if accompanied by such as transfer pricing of imports and exports - may well distort the actual flows." (Firn,1975,p.165).

Whilst multi-national capital made serious inroads into the Scottish economy, Scottish capital made excursions in the opposite direction. The financial institutions in Scotland are even more powerful than in other economies, and a small highly inter-connected number of executives and directors, drawn from the ranks of accountants and solicitors, and representative of the Scottish upper class, dominate these institutions. There are intimate links between the directors of the Scottish financial institutions, and English, foreign, and multi-national firms: "Scotland's interior bourgeoisie is in a satellite

position with respect to metropolitan capital and this structure of relations determines the direction and purpose of 'autonomous' Scottish capital." (Scott and Hughes, 1975,p.178). Thus the prevailing economic structure determines that Scottish capital will be allocated in accordance with the requirements of international capital as opposed to 'national' interests. It is at this point that what John McGrath terms the 'intellectual woolliness and moral evasiveness' of the Scottish National Party becomes most transparent, for "it is evident that a more autonomous Scottish region or nation state would remain in a dependent relationship with England - since the purely Scottish element of the economy is dominated by internationalized capital, which recognizes no mere political or territorial lines drawn on a map." (Scott and Hughes, 1975,p.183).

If devolution occurred Scotland would remain a capitalist society which would perpetuate the existing chronic social, political and economic inequalities.

Indeed the oil-fired enthusiasm for the Scottish National Party in the early 1970s was particularly shallow since it rested upon controlling the North Sea oil business: "the largest, most aggressive, and most international form of capitalism in the world," (Nairn,1975,p.22); something which the British government itself had proved singularly incapable of doing. By 1975 it was clear that due to the failure to develop oil related industries in Scotland, at peak expansion the oil industry would only employ 30,000 people, the equivalent of the average yearly loss of jobs in primary and manufacturing industries; which meant that 250,000 new jobs would have to be found by the mid-1980s. (Brown,1975,p.12). Moreover the persuasive tactics of the oil multinationals meant that huge tax concessions, incredible tax loopholes, and ludicrously cheap offshore oil concessions were engineered from successive naive and willing governments, which destroyed the potential

contribution the oil industry could have made to state sponsored industrial development. (Taylor, 1975, p.272). The result was that the reduced revenue from oil would be short sightedly used to help balance existing public deficits. Though motivated by a heady combination of idealism and avarice, it was highly unlikely that the disaffected petty bourgeois leadership of the SNP would be capable of securing better terms from the oil companies; a view perhaps endorsed by the collapse of the SNP vote in the general election of 1979, when the disappointing realities of the 'oil boom' became apparent.

If the SNP could offer only hollow promises, the interventionist regional policies of successive Labour Governments in practice have failed to overcome the disastrous effects of the uneven and uncontrolled development of capitalism. Unemployment in Scotland has persistently reached twice the national average in the post-war period. Mass emigration and migration, amounting to a net loss of 380,000 people during this period, has disguised the real level of unemployment. At a time of world recession, in Scotland, even the 'growth' industries are declining. (Niven, 1975). And yet due to the extent of nationalized industry in Scotland, a disproportionately high number of workers are dependent on the public sector for a job. Far from providing more secure and meaningful employment, the state industries have disillusioned workers by subjecting them to the vagaries of market forces, and making workers pay the penalty for the previous lack of investment and management incompetence. Workers in the rail, coal, steel, shipbuilding, and car industry have been victims of a spiral of decline which has seriously weakened their confidence in public ownership. Nor has reformist intervention halted the steady decline in other basic resources in Scotland, in housing, schools, health and social services. Brown has accurately depicted the dilemma:

"the long standing paradox of Scottish politics has been the surging forward of working class industrial and political pressure (and in particular the loyal support given to Labour) and its containment through the accumulative failures of successive Labour Governments. More than fifty years ago socialism was a qualitative concept, an urgently felt moral imperative, about social control (and not merely state control or more or less equality). Today for many it means little more than a scheme for compensating the least fortunate in an unequal society." (1975,p.8).

The capitalist press has made no sustained attempt to consider the seriousness of the economic and social problems which confront the Scottish working class. An important part of the explanation for this dereliction of responsibility is that the capitalist press is owned by the very companies whose activities have undermined systematically the Scottish economy. This symbiotic relationship is particularly crucial in the case of the oil industry: "Oil is at the same time the most significant contemporary development in the British economy and the main source of spare wealth which proprietors may be prepared to spend on newspapers. There is a danger that the exploitation of Britain's oil reserves will become the most important story which cannot be told. Oil companies' motives for involving themselves in ailing British newspapers may not be as philanthropically disinterested as they appear, and there is no reason why the problem should stop with oil." (Elliot, 1978,p 163). As Hirsch and Gordon point out, the acquisition of corporate interests in oil is not a basis for critical analysis, as in the case of the Thomson Organization which owns The Times, The Sunday Times, and The Scotsman: "In 1974, Thomson Scottish Associates borrowed the vast sum of £50 million to pay for its share of the exploitation of the oil. The main security

given to the bankers was the oil itself, but if everything went disastrously wrong, the bankers would have call on Thomson Scottish Associates' other asset - The Thomson Organization. Thus, indirectly, The Times and The Sunday Times are pledged to North Sea oil. If the oil is duly profitable, then the newspapers will have a guaranteed cross-subsidy; if it is a disaster, then they would in theory be liable to be put up for sale by the bankers. Not exactly conducive to a clear-sighted editorial view on North Sea Oil." (1975,p.80).

In contrast the Scottish Daily News, briefly at least, had a unique opportunity to be the champion of the interests of the Scottish working class; to record the lessons of the years of struggle by the labour movement against capital; to present a penetrating economic analysis, unencumbered by corporate dependency; and to offer challenging political policies, free of the vested interests and privilege of the Labour establishment. But tragically, the SDN absorbed itself with sentimental reminiscences about tramcars, devoted pieces on gardening, and cliché-ridden reaction on 'law and order'.

The Tabloid Relaunch

As sales of the Scottish Daily News steadily declined through the summer of 1975 it was clear that the tired old broadsheet editorial, which owed a great deal more to the tradition of Lord Beaverbrook than Keir Hardie, had failed to sustain readers interest. The tabloid relaunch, planned for 18 August, provided a last opportunity to explore fresh editorial horizons. Preliminary investigations by System Three, the market research team commissioned by the Works Council, showed that regular readers were sympathetic to the SDN struggle against redundancy and said "they felt almost morally obliged to buy the News instead of the Express" but "There was strong criticism of the practice of having 'trivial' human interest stories on the front page of the News. Front page lead stories should be serious and important matters of

national interest." (General Managers Report, Number 3, 2 July 1975). Combined with the widespread profound disappointment of trade unionists at the SDN's lack of editorial commitment to the labour movement, such findings indicated that the new tabloid should attempt to honour the promise to "reflect the aspirations of the working class...." (Though the market researchers resorted to the adman's politics in recommending the paper should be 'independent'.) If a fundamental editorial reorientation was to take place, some fresh stimulus was certainly needed. Yet during the preparation for relaunch no attempt was made to consult trade union representatives who were SDN readers to discover what improvements they wanted to see in the tabloid. Having ignored the possibility of external stimulus, it remained for the SDN journalists themselves to produce something new. Hopefully, the editor Fred Sillito, and Eric Tough, without discussion appointed Ralph Saunders from outside, who was experienced in tabloid editorial, as Editorial adviser. Predictably piqued, Nathan Goldbert objected in Council to both the status and the salary offered Saunders, - and though he had already been appointed and had worked for several days, - both were lowered, and understandably Saunders immediately resigned. (WCM, 4 August 1975).

Left to their own imaginations, the SDN journalists looked nervously around for something to emulate and seized upon the shining example of the Sun. The Sun was the only newspaper to defy pessimistic predictions of the decline of the popular newspaper market, and from Rupert Murdoch's takeover in 1969 had embarked on a meteoric growth pushing forward the frontiers of bad taste. In 1975 the Sun was the only national newspaper to record a small increase in circulation, though this may have had something to do with over one million pounds of promotional advertising that was used in the effort to boost circulation. (Economist, 15 November 1975). There was a strong inclination towards the example of the Sun on the part of those SDN

people, including the executives and senior journalists, who simply wanted to sell a newspaper, rather than sell a particular kind of newspaper. At an early mass meeting, Ray Chard who was to become managing editor, proposed the comparison in an illuminating exchange:

"Ray Chard, NUJ, had one point to make in answer to the critics be they City Editors or whoever, about viability and possible success. Quoting as an example the inquiries done on the introduction of the Sun. Robert Maxwell snatched on this point as being very, very important, since he, himself, had been the one involved in that project and he would bear it in mind."

(MMM, 25 February 1975).

(Presumably by being "involved in that project", Maxwell meant simply that he had been defeated in his takeover bid for the News of the World organization by Rupert Murdoch, and similarly failed to secure the Daily Herald or Sun). Chard's comparison proved an accurate prediction, not that the SDN was to achieve the commercial success of the Sun, but that, despite the original political principle of the SDN, in the vain pursuit of circulation it was to degenerate to resemble the vacuous commercialism of the Sun.

When the new tabloid Scottish Daily News emerged, the paper seemed to have shrunk in every way. Detailed news stories and feature articles had disappeared to be replaced by snippets of news, overwhelmed by large photographs, advertisements, and bits of personal columns. Sport with 8 pages and entertainment with 5 pages, more than rivalled the news. In the headlines, the search for cheap sensation had replaced any concern with political commitment, and a similar shallowness was displayed in the treatment of other stories. The dilution of political principle was emphasised in the Scottish Television advertisements for the tabloid SDN:

"Thousands of people have changed to the new handy size Scottish Daily News - the only Scottish National Daily newspaper still at 5p - buy the new Scottish Daily News tomorrow - it's first value for your money."

A concern with the purely commercial consideration of price competitiveness had replaced other claims of distinctiveness.

The metamorphosis was complete. The Scottish Daily News began life looking like the Daily Express but reading like a rather schizophrenic Daily Mirror. With the change to tabloid, the SDN came to resemble the Daily Mirror, though having jettisoned much of its political thrust, it read rather like the Daily Express. Under the stewardship of Maxwell, with the decimation of the original Works Council, and directed by the singularly imprecise editorial policy of being a "brash, bright and breezy" publication, the SDN arrived at its final destination: a self-abused Scottish Sun.

ECONOMICSCirculation.

By the time of the tabloid relaunch on 18th August 1975 circulation had slipped to about 80,000 copies a day, advertising almost disappeared, and losses disastrously mounted to over £30,000 per week. The publicity and activity surrounding the relaunch was intensified by the awareness among the SDN workers that if the tabloid did not effectively stop this sustained financial haemorrhage, the paper would be bankrupt within a matter of weeks. Flagging spirits revived when the first few editions of the paper sold out the full print run of 240,000 copies. Circulation hovered briefly at 160,000 copies, and advertising picked up considerably. Despite this substantial improvement, though losses had been reduced, they were still dangerously high at £17,000 per week. The members of the Works Council who had opposed Maxwell's suggestion of a price reduction, were quick to point out that if the tabloid sold at the original six pence, the additional revenue would bring the paper close to break-even point. The fears of many experienced SDN workers concerning the bizarre price reduction had proved right. John Hodgeman insisted:

"Having worked in newspapers for several years, I felt that this was an incredibly stupid and dangerous decision Our main competitor, the Daily Record, which had been selling at 5p, all the time we were publishing, had already announced in print that on 25 August it was raising its cover price to 6p. Therefore, not only was it a financially suicidal move, but also completely unnecessary. In fact, the following week when the Record did go up in price, we did not gain one single copy. There is, therefore, no reason to believe that had we published at our existing price of 6p in our new tabloid form, that we would have sold any less than we did. The

circulation and advertising doubled in the new paper.

However because of the price cut we were still losing a massive amount of money every week."

Maxwell's decision to lower the price was both misconceived and damaging in many ways: that he could get experienced newspaper people to do what was patently absurd was a measure of the hold Maxwell had upon the SDN. At the time the decision was taken to charge 6p for the SDN, in February 1975, when the Express itself went up to 6p Maxwell accepted that, "Although he did not like the idea of a two coin purchase, he didn't foresee any insurmountable problems, and the advantage was, with a cover charge of 6p, if the projected circulation figures were met, the company could expect a profit in the first year of £4,000." (MMM, 25 February 1975). In abandoning this view, Maxwell was responding to the conventional market wisdom that concentrates on price, as for example in the view of the 1962 Royal Commission that "it would be madness for any newspaper other than the market leader to increase its retail price unilaterally." (Sisson, 1975, p 91). But by mid-1975 all of the national popular papers were selling at the SDN's original price of 6p, with the exception of the Sun. In attempting to emulate the aggressive capture of circulation achieved by the Sun, adopting a price reduction was less than half a strategy: the Sun had achieved a huge increase in circulation primarily by a massive advertising campaign which the SDN could not begin to afford; the SDN was left with the enormous losses incurred by the price reduction, without the means to build further circulation to compensate for these losses. The irony was that market researchers themselves had shown that SDN sales were based largely on loyalty, and therefore the newspaper could have sustained a similar readership with a higher price than its rivals. (McKay and Barr, 1975, pp 118-9).

The Works Council of 2 July 1975 had accepted Mackie's calculations that due to the serious effect on net circulation revenue

of a one pence price reduction, potential losses would increase by almost £1,000 per day, and an increase of 67,000 copies would be necessary to achieve the same income. Yet Maxwell persisted in arguing that an increase of 16,000 copies would compensate for the revenue loss of the price reduction (WCM 7 August 1975; WCM 5 September 1975). Though treating the SDN purely as a market commodity, he misunderstood its most basic element: "The newspaper as a commodity is extremely sensitive to minor fluctuations in price and operated on extremely small profit margins per copy." (Smith, 1977, p 190). Furthermore Maxwell neglected the increasing contribution at that time of cover price to newspaper revenue with the reduction in advertising revenue: "Cover price increases of the popular press by 1975 had generated enough income to give more profit than in the previous two years." (RCP, 1976 Interim Report, p41). "In fact, cover prices have been increasing even faster than costs, because publishers have tended to recover a greater proportion of costs from cover prices." (RCP, 1977, Final Report, p.68). Finally, if Maxwell's reckless gamble at increasing revenue by a price reduction had the remotest chance of success this was immediately eliminated by offending the newsagents whose support was essential:

"Scotland's 3,000 newsagents have been told not to support the relaunch on Monday of the tabloid 'Scottish Daily News'. This has been decided by Scottish officials of the National Federation of Retail Newsagents because of the reduction in price of the new paper from 6p to 5p, which also reduces newsagents takings on each copy sold. Mr. Neil Kidd, the federation's Scottish secretary, said yesterday they had originally agreed terms with Mr Maxwell for increased profits for newsagents based on a 6p price for the tabloid. However, a few hours after the meeting with Mr Maxwell the federation were suddenly told the price was going down to 5p. While

the agents share of this would be boosted for the tabloid's first four weeks, it would thereafter drop. Mr. Kidd commented: "We are rather disappointed that Mr. Maxwell has taken this decision to reduce the price of the paper. The Scottish Daily News is now offering the least return of any paper, which is a bit unfortunate." (Scotsman, 15 August 1975). A few days of euphoria followed the relaunch, with the paper carrying inflated, and unintentionally ambiguous, public relations messages:

"SELL OUT !"

"A happy and confident Mr. Robert Maxwell, chief executive of the Scottish Daily News, announced last night that for the second day running the paper, in its new tabloid form, costing 5p, was a sellout. In a message to the staff of the paper Mr Maxwell stated that the paper had sold around 250,000 copies and that all the indications were that the public liked what they bought. Mr Maxwell, revealing that the paper is to continue its TV and radio advertising campaign for yet another week, said: "There is no doubt in my mind that the paper is here to stay. Now we have the correct formula it will go from strength to strength.... By producing a lively paper and reducing the price to 5p to help fight inflation, we have caught the public's mood. From Monday we will be the only Scottish national paper selling at 5p.....The message is loud and clear. The SDN is alive and kicking." (Scottish Daily News, 20 August 1975).

Maxwell's optimism had weak foundations: though the drop in circulation following the tabloid was not as rapid as after the initial launch, it was still critical, and within a month was down by 100,000 copies. As Table 18 shows, the tabloid relaunch, far from rescuing the SDN, after a

short burst of interest merely slowed the rate of decline.

Table 18 Circulation of the Scottish Daily News
May - November 1975.

<u>Month</u>	<u>Circulation Per Day</u>
May	195,000
June	134,000
July	95,000
August (Relaunch 18th)	145,000
September	153,000
October	136,000
November (First week).	107,000

Average Circulation approx. ... 140,000

(Source: SDN General Managers Reports; Works Council Minutes).

An important reason why a high circulation could not be sustained was the difficulty experienced in distributing the newspaper. Having dropped any claim to editorial distinctiveness, the SDN lacked the marketing and sales manpower and resources to promote the circulation of what was essentially a commercial product by commercial means. Underfunding had left the newspaper critically short of sales representatives, as the general manager reported:

"We have 17 representatives serving 17 districts in Scotland and North England. In addition to working in their own areas, they have blitzed South and North Glasgow. Our 17 representatives have a formidable task. There are probably 5,000 outlets in Scotland giving an average of 300 newsagents per sales rep. Even if each rep covered 20 agents per day (and that is only possible in the densely populated areas)

that would allow him at the most only 10 minutes with each agent once in three weeks. So, it is not surprising that some of you came across newsagents who, during our first two weeks, appeared not to have our paper. During Douglas Ferguson's 'blitz' on South Glasgow, out of 121 agents visited between 11.00 am and 1.00 pm, only 9 were sold out, with similar results next day in North Glasgow. Some of you have noticed that some agents are not giving our paper enough prominence. Remember that we are of necessity giving sale or return terms. Until we have an established readership we cannot afford to do otherwise. But in the meantime, the agent does not have to sell our paper - he has to sell the others because they are not on sale or return." (Report, 21 May 1975).

A further problem was wholesale distribution of the newspaper:

"In many parts of the United Kingdom, one wholesaler has a monopoly; in Scotland the monopoly of John Menzies is almost complete".

(RCP, Final Report p 67). Many SDN supporters felt the paper was being unfairly discriminated against by Menzies outlets, but investigating this, Mackie maintained that the paper received due prominence at major stalls such as in Glasgow and Edinburgh railway stations, and that that local managers of the wholesaler were co-operative:

"The conclusion is inevitably, that there is no evidence whatever of a Company policy on the part of John Menzies; either to discourage the sale of the Scottish Daily News, or to hinder its distribution. On the contrary, there is evidence that our paper has been very sympathetically treated in its distribution to some of the more remote parts of Scotland; areas where we are at the complete mercy of our distributing agents." (Memo, 23 June 1975).

It was still thought necessary to organize a meeting with Menzies to

press for further co-operation in solving the distribution problems of the SDN. As always in these situations, Robert Maxwell provided an instant, but utterly inappropriate solution: the recruitment of a volunteer army of part-time circulation representatives to promote interest by canvassing homes and newsagents. He advertised on his own initiative in the broadsheet: "On Monday 18 August the Scottish Daily News is changing its shape to the size over 1 million people in Scotland want. The new Scottish Daily News will fight for you! Fight inflation! Fight for employment and prosperity in Scotland! Become a News man and help fight for Scotland. We want 1,000 SDN supporters to help us launch the new Scottish Daily News throughout Scotland." (SDN, 8 August, 1975). It is likely that any volunteers would have become rapidly disaffected, either by the disappointing editorial of the tabloid, or the miserly expenses offered for their efforts. In the event, the idea was dropped after the Federated Chapel angrily accused Maxwell of interfering with the work of the full-time circulation representatives.

A final barrier which the SDN faced in maintaining circulation of the SDN was the force of habit of the newspaper reading public. Andy Riley of SLADE recounted a story popular in the SDN: "This fellow saw his mate reading the Daily Record in work, so he went up to him and said:

'Why are you reading the Daily Record?'

'I always read the Daily Record!'

'But you bought shares in the Scottish Daily News, why don't you read that?'

'Oh Christ, I forgot!'

To overcome ingrained reading habits, the SDN needed considerable promotional advertising which it could not afford; a compelling editorial which it could not attain; but most of all time, which it had very little of indeed.

If the circulation of the SDN rapidly eroded during its short life, this should be placed in context: the total circulation of the popular daily newspapers had declined consistently for the previous 20 years. In the period July - December 1975 circulation of the popular daily papers fell by 5.2% (RCP, Interim Report, pp 31-3). The SDN's average circulation was 100,000 copies more than the average circulation of the other recently launched newspapers, as Golding and Murdock point out:

"The only new provincial daily launched in the last 15 years was the Scottish Daily News. Twelve new evening papers were established in this period, but five of these were from the Thomson stable. The new launches had average circulations of 40,000 by 1975, well below the average for their class of publication. They survive not because of demonstrable demand, but because of the financial resources of their ultimate owner." (1978,p 92).

Moreover the Scottish Daily News' circulation was considerably larger than that of the Aberdeen Press and Journal, Dundee Courier and Advertiser, Edinburgh Scotsman, and Glasgow Herald, all of which were well-established Scottish newspapers. In spite of the unforeseen and

terrible internal disasters that afflicted the newspaper, the mean circulation of almost 140,000 was still 20,000 copies per day more than the unfavourable Chesters prediction which was endorsed by the IDU of the Department of Industry. At this level of circulation the Scottish Daily News could have survived into the late Spring of 1976, long enough to attempt other efforts at reviving the paper. But the circulation revenue had to be matched by advertising revenue which did not arrive. It was the shortfall in advertising, not in circulation, which precipitated the early financial disaster of the Scottish Daily News.

Advertising

"Without exception, every single national paper in the period since 1920 has made a loss on its sales alone"

(Curran, 1977, p 224). Therefore, in the absence of any alternative second source of revenue, it seemed obvious from the beginning that the Scottish Daily News would have to depend upon advertising revenue: "The men realise that for the News to succeed, its costing must be realistic, and that means a realistic cover price, manning levels and ad rates, and eight pages out of 16 devoted to advertising." (Campaign, 26 April 1974).

Jimmy McNamara of the AUEW appreciated the frustrating dilemma of an interdependent dual supply of revenue: "I think the Western world is moving towards subsidies of the press, it happens on the Continent - Left-wing newspapers are subsidized according to circulation and other factors. It's coming, it must come, because of the economics of the industry: to depend on circulation and advertising; and advertising to depend on circulation, but also to depend on editorial policy, is crackers ! There is no other industry, barring us whose profitability is based on so many factors that are interlinked."

Hirsch and Gordon, as economists, provide a more technical explanation of the cruel economics of the press, which have killed off many popular newspapers and left only monopolies:

"The peculiar economics of the press have three main characteristics. First, newspapers are a very special case of 'joint supply' ... The two demands that a simple newspaper has to meet are the demands of the reader for a good and satisfying product and of the advertiser for a

readership that he wants to reach. But one depends very much on the other. The advertiser buys space, but the value to him of that space depends on the number of readers who see it, and on the purchasing power at their command Second, high overheads are unavoidable for the production of newspapers. Before the first copy can be printed, a newspaper has to have its plant, offices, staff and distribution network. Then with each successive copy, the cost per copy falls dramatically until very high circulations are reached. In technical economic terms, newspaper production enjoys increasing returns to scale ... Third, the cost advantage of the big battalions is compounded by the advertising advantage. As sales go up, not only are average unit costs reduced by the spreading of overheads referred to above, but also the newspaper can charge a higher rate to advertisers who can reach more readers with each insert, at little extra cost to itself." (1975, pp 41-2).

Winning circulation proved a difficult task at the SDN, but acquiring advertising proved almost impossible. The cycle of advertising revenue peaked in 1973, and the SDN arrived in the middle of a serious advertising recession in 1975. The percentage of total revenue from advertising for the popular daily press had critically declined from 45% in 1960, to 27% in 1975. (RCP, Interim Report p.99). (Though the proportion of advertising revenue was twice as high in the provincial press.) "In 1975 ... competition for advertising had reached such suicidal proportions that some papers were accepting advertisements at bargain rates that did not cover costs." (Curran, 1978, p.233). The dearth of advertising presented a formidable problem for the SDN:

"We hear other papers are offering space at give-away prices and commercial TV is offering extremely low rates to fill space." (WCM, 13 June, 1975). In the affluent world of the advertising industry, the SDN did not have the resources to be lavish, though expensive presentations were given in London, Glasgow and Edinburgh, in the vain effort to entice advertisers. Due to the rush to publish the paper in May, advertising rate cards were distributed late, and advertising representatives appointed after the launch. Convincing advertisers of the size and stability of the SDN's circulation was a major problem, as indeed was convincing them that the SDN's readership were the kind of people advertisers wanted to reach. Further the paper was launched in the Summer, a traditionally slack time for advertising, and the major accounts had already been arranged for the season. Finally, having to wait three months for verified circulation figures before the paper received any government advertising was damaging, and afterwards it seemed that the government and other public bodies were not very enthusiastic about advertising in the News.

Fears were often expressed within the SDN that advertisers were deliberately discriminating against the newspaper, at one Council meeting: "Mr. Goldberg asked if there was evidence of unjustifiable resistance to our paper amongst advertising agencies. Mr. Galt, in response stated that it was his opinion that agencies accorded our newspaper fair treatment. In so doing agencies considered cost benefit analysis." (2 July, 1975). Jimmy Galt the advertisement manager was a past chairman of the Glasgow Publicity Club, and Glasgow branch of the Institute of Marketing, and therefore was keen to defend the virtues of his profession. In a report on the depressed advertising trend, he maintained:

"Whilst other papers are reduced in paging they are still holding onto the regulars; we, as a new paper, are not

being considered in the first instance because of the three following factors:

- 1) The rate structure ... is too high in relation to other newspapers.
- 2) Circulation is far too low and makes our cost effectiveness per 1,000 copies too expensive.
- 3) We are still an unknown quantity and cannot at this stage sell even on the type of readership."

(Memo, 25 June 1975).

The decision was made to cut advertising rates; Galt first proposed an 18% cut, but later Maxwell increased this to a 33% cut, which was necessary due to the almost total collapse of advertising revenue by late July. Yet an examination of Table 19 shows that whilst the SDN rates were high during the first two broadsheet months, given that the paper was intended to overcome the dichotomy between the quality papers (Scotsman, Glasgow Journal), and the down-market papers (Express, Record), the rates were not exorbitantly high, considering the circulation. With the 33% reduction in rates of the tabloid, the rates became quite competitive, yet advertisers continued to avoid the SDN en masse.

In the last analysis, after taking the many other factors into account, the profound reluctance of advertisers can only be explained by their dislike of the co-operative, and hostility towards the News editorial. Upon the announcement of the government loan, Aims of Industry called upon employers to ignore commercial interests and to refuse to advertise in the SDN, stating that, "This is the first and dangerous step towards the destruction of press freedom." (Glasgow Herald, 26 July 1974). Though major advertisers were considerably more restrained in their attitude, they were probably not immune to this interpretation. The British Advertising Association in evidence to the Royal Commission on the Press trenchantly criticized the "commercial and managerial

Table 19

Advertisement Rates of the Scottish Newspapers in 1975, compared with the Scottish Daily News.

NEWSPAPER	CIRCULATION	STANDARD RATE	COST PER 1000	CLASS DISPLAY	COST PER 1000
Aberdeen Press and Journal	110,151	<u>S.C.C.</u> £1.60	1.45	<u>S.C.C.</u> £2.70	2.45
Dundee Courier and Advt.	128,374	£1.04	0.81	£1.04	0.81
Scotsman	87,231	£2.15	2.46	£2.64	3.02
Daily Record	639,947	£3.51	0.54	£3.51	0.54
Glasgow Herald	95,657	£2.00	2.09	£2.50	2.06
Scottish Daily Express	est. 380,000	£3.50	0.92	£4.50	1.18
Evening Times	235,775	£2.60	1.10	£2.85	1.20
Scottish Daily News Broadsheet May/June ¹	161,000	£2.75	1.70	£3.25	2.00
SDN Proposed Reduced Rates	161,000	£2.25	1.39	£2.50	1.55
SDN Adopted Reduced Rates Tabloid August/October	145,000	£2.00	1.30	£2.00	1.30

Source: Advertisement Managers Report, and Works Council Minutes.

1. In the month of July circulation fell to 95,000, but advertising disappeared almost completely, at 5% of the budget projection.

ineptitude of considerable degree" displayed at the SDN. Perhaps the most important example of "commercial ineptitude" in the opinion of advertisers and of the SDN's own management, was the adamant refusal of the Council to edit out all stories which supported the labour movement and which might upset advertisers. McKay and Barr amusingly record how this drove Eric Tough, the general manager, to complete distraction:

"Dougie Ferguson, the circulation manager, would come to me either almost in tears or screeching blind fury because he had to sell the paper. 'Look at it,' he'd say, showing me yesterday's paper. 'How can I try to sell a paper like that?'. Jimmy Galt, the advertising manager, would come in with his head in his hands saying, 'I'm frightened to phone agencies to try to get adverts.' The three of us sat day after day in that office of mine talking that way. And we'd tackle Nat Goldberg or wee Jimmy McNamara and say, 'You know, this is commercial, it's not for fun, it isn't for kicks. You're not selling this paper to readers only, you're selling it to advertisers too; ' 'And Jimmy McNamara would say, 'Well, Eric, if it comes to principle or profit I know which we'll choose every time.' (1976, pp 108-9).

Tony Benn in a remarkably naive statement issued from the Department of Industry, welcomed the new co-operative: "It will be the first national newspaper to be run by its workers free from political pressures and commercial interests, and constitutes a general victory for the people it seeks to serve." (Scotsman, 29 March 1975). In fact the paper was absolutely vulnerable to the pressure of big advertisers who could decide the survival of the paper by their support or neglect. Most major advertisers simply ignored the paper, those that did not, but offered accounts or showed interest such as Johny Walker scotch, Curries TV, Canada Life Insurance, C & A, and W.D. & H.O. Wills tobacco, were earnestly

courted, usually with little result. Despite the impressions of Tough and Galt, even the most determined trade unionist on the Works Council was aware of the necessity to make concessions to the advertisers, thus Jimmy McNamara argued:

"Advertising can govern you to a certain extent, it depends how far you are prepared to compromise. Well we compromised enough to be able to have a reasonable circulation and at the same time attract advertisers, without sacrificing what we believe in too much. This is what we have got to learn. The paper is swinging like a pendulum on two things, circulation and advertising. We'll sacrifice some editorial policy, we'll let a Tory in the paper now and again if it appeases advertisers, provided our policy 70% of the time puts forward a reasonable working class point of view. Can this happen? This is what we have got to find out. I'm beginning to suspect not."

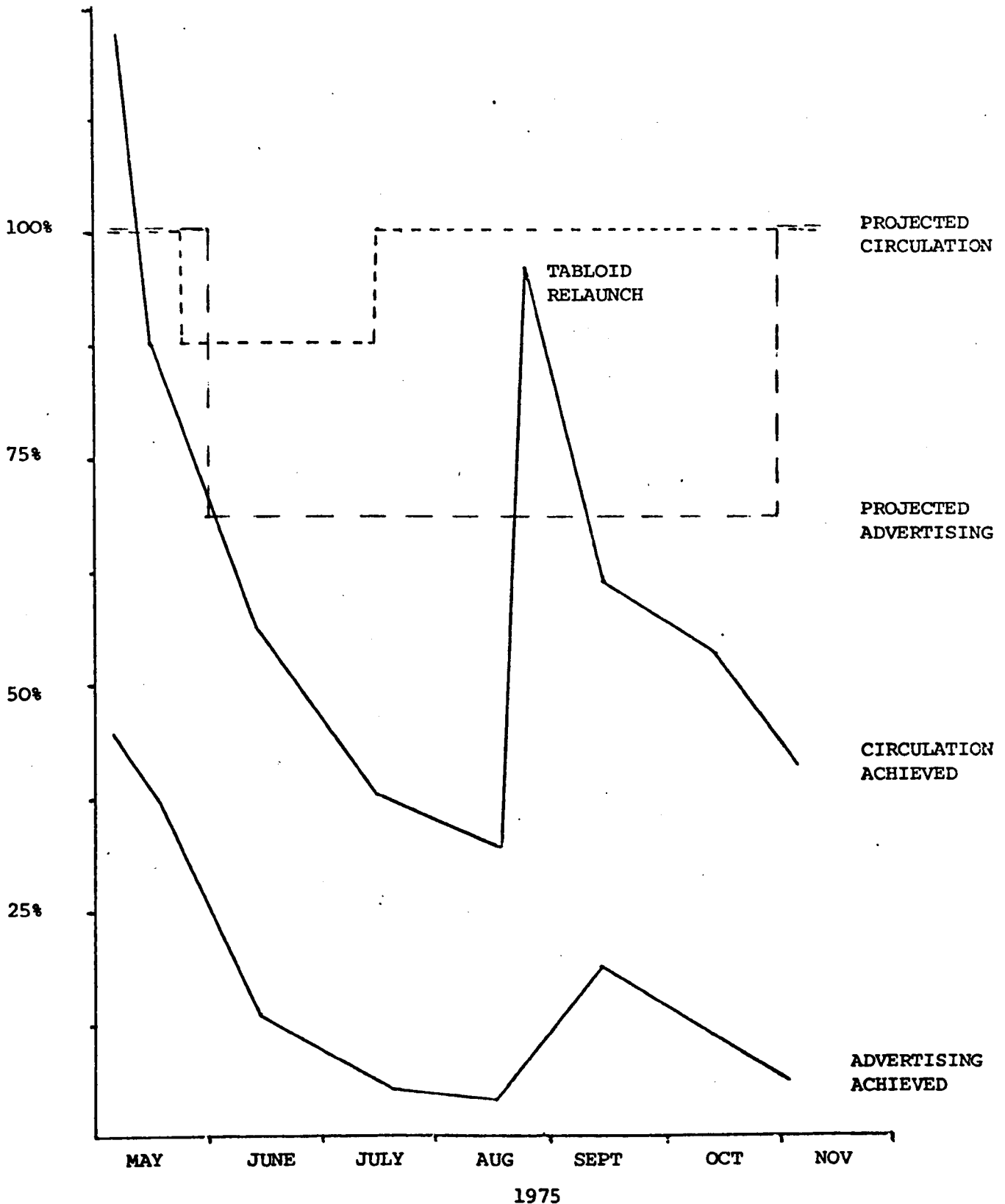
The raw point of whether the newspaper should accept advertisements it disagreed with, or ads from companies it disapproved of, was never actually forced: because so few advertisements were received they were eagerly seized. In the only recorded instance of the problem, after heated discussion on the question of selectivity in accepting advertisements, "Mr. Mackie maintained that provided advertisements were not in themselves illegal, then the newspaper should not be selective in accepting advertisements - the question of editorial response to any situation was a matter for the newspaper." (WCM, 2 July 1975).

The final deeply ironic contradiction was that if the News had ever attempted to consistently project socialist values; and if the full 50:50 advertising content had ever been attained; then the 8 pages of editorial defending the virtues of fraternal equality, collectivism, and social justice, would have been neatly counterbalanced by 8 pages upholding the pursuit of materialism, individualism and consumption. But of course this never happened.

Was the SDN's expectation of advertising revenue over-optimistic? In the SDN Prospectus it was projected that the normal ratio between editorial content and advertising content of the newspaper should be 50:50, and at a circulation of 250,000 the sales revenue/advertising revenue ratio was projected as 1:0.97. However, during weeks 3 to 10 of publication it was expected that circulation would fall to 220,000; and during weeks 4-26 it was expected that advertising revenue would fall to 70%. The Chesters report and IDU adjusted the SDN's figure for the ratio of circulation/advertising revenue downward to a permanent level of 1:0.7. (SNE, 1975, pp 10, 21-2). Chesters made reference to the average circulation/advertising revenue ratio in the national press in 1973 of 1:0.82; but this conceals the fact that whilst the quality newspapers derive more than 60% of their revenue from advertising, the national popular press derives less than 40% of its revenue from advertising. The provincial press secures a similar amount of revenue from advertising as the quality newspapers: in 1975 provincial newspapers obtained only 39.7% of revenue from sales, and 60.3% of revenue from advertising, a ratio of 0.65:1 (RCP, Concentration of Ownership of the Provincial Press, 1977, pp 18-20, Tables 5.2 and 5.4). In that the Scottish Daily News would closely resemble the provincial press in orientation and distribution, the projected 50% of revenue from advertising does not seem unduly optimistic, and the reduction in advertising revenue anticipated in the first six months seems sufficiently cautious.

An inspection of Graph 1 reveals, none of these projections and precautions prepared the SDN people for the disaster that occurred.

Graph 1. SDN Projected Circulation and Projected Advertising Compared with Circulation Achieved and Advertising Achieved May-November 1975.



100% = 250,000 Circulation.

SDN Projected Circulation Revenue/Advertising Revenue	1:0.97
SDN Projected Circulation Revenue/Advertising Revenue first 26 wks.	1:0.7
SDN Achieved Circulation Revenue/Advertising Revenue	1:0.3
Provincial Newspapers Circulation Revenue/Advertising Revenue in 1975	0.66:1

(Source: SDN General Managers Reports, Trading Statements, and Works Council Minutes.)

It was projected that the proportion of total revenue from advertising would eventually be 50%, though only 40% in the first six months: in fact advertising slumped so badly that it provided only 20% of total revenue. The paper was being strangled by the lack of advertising revenue and yet it was powerless to complain: blaming the advertising companies for their discrimination would only invite further punishment. There was no recognition whatsoever in the IDU report of the possibility of this critical problem, which simply stated, "provided the Scottish Daily News could demonstrate readership by a similar group to that which buys the Scottish Daily Express it would attract advertising business." (SNE, 1975, p.21). McKay and Barr underestimated the importance of the problem of discrimination by advertisers in their study of the SDN, and focus upon managerial, editorial and circulation weaknesses.

Bradley and Gelb ignored the problem of discrimination by advertisers entirely, and smugly stated, "The project was obviously not viable ... The Action Committee's Submission for Assistance had been assessed as unviable by the IDU. With hindsight, even the IDU report seems optimistic, especially as regards advertising revenue," (1979a, pp 11-12), before they turned their well-honed analytical minds to a range of obscure academic problems of their own invention. John Whale simply voiced the popular impression that: "The experiment lasted from May to November 1975 before the dearth of readers destroyed it." (1977, p65). But as Graph 1 shows, circulation averaged 60% of projections, whereas advertising achieved less than 20% of projections. (Table 20 shows the detailed figures for the first three months of operation). It was lack of advertising revenue that brought the premature end of the Scottish Daily News. The entire experience of the SDN lends powerful support to James Curran's theory that advertisers have now acquired a de facto licencing authority since, without their support, newspapers are simply not economically viable. (1977, p.217).

Table 2

SDN Actual and Budget Advertising and Circulation Revenue in the First Three
Months of Operation.

	MAY			JUNE			JULY			CUMULATIVE TOTAL		
	ACTUAL	BUDGET	ACTUAL AS % OF BUDGET	ACTUAL	BUDGET	ACTUAL AS % OF BUDGET	ACTUAL	BUDGET	ACTUAL AS % OF BUDGET	ACTUAL	BUDGET	ACTUAL AS % OF BUDGET
ADVERTISING CONTRIBUTION	59,492	157,912	37%	14,654	125,152	12%	4,252	91,436	5%	78,398	374,500	21%
CIRCULATION CONTRIBUTION	148,066	183,848	80%	87,137	170,528	51%	51,421	183,888	28%	286,624	538,264	53%
CUMULATIVE ² TOTAL	207,558	314,760	66%	101,791	295,680	34%	55,673	275,324	20%	365,162	912,844	40%

Source: Derived from SDN Trading statements prepared by general manager.

1. With the resignation of the general manager Eric Tough, and financial controller Iain Bain, in August, such detailed financial information was no longer available. Prior to the relaunch, circulation deteriorated further and advertising almost collapsed completely. After the relaunch, circulation improved considerably and advertising improved a little. The final percentage of actual advertising revenue compared with the budget was 20%, and actual circulation revenue compared with budget 60%
2. Total losses were not as great as these totals imply, because costs of newsprint and other materials were also considerably reduced.

Of course the Scottish Daily News was seriously hit by the advertising slump which effected other newspapers in 1975. But as Table 21 reveals, while the national popular press received in 1975 approximately 20% less advertising revenue than in 1974, taking inflation into account; and the quality press received 15% less advertising revenue than expected; the provincial press received only 10% less advertising than anticipated. The SDN received 80% less advertising revenue than expected during its six month life. In the very worst month of all at the SDN, July, there was an average circulation of 95,000 copies a day and the paper received the miserable revenue of £4,252 in advertising, 95% less advertising than anticipated, which amounted to the princely sum of £157 per day (Table 21). In a business employing 500 people, what was supposed to contribute almost half of total revenue came to £157 per day: the wage bill alone was nearly £5,000 per day. One month's advertising was not enough to pay one day's wages. The advertising received was not even enough to pay for the ink used in printing the paper. In July the SDN earned in a month less than half the advertising revenue that the SDN had hoped, once established, to earn in a day! The paper was carrying just a quarter page of paid advertisements a day, (disguised by large ads for the SDN's own competitions, and by free advertisements). With a circulation of almost 100,000 on purely market considerations the paper should have been earning at least ten times more in advertising revenue in July. The absurdly low advertising revenue of the SDN can, in the last analysis, only be explained by the resolute refusal of advertisers to have anything to do with the newspaper: to their desire to see it quickly disappear.

In a final twist, it could be argued that not only did advertisers kill the SDN, but that they set the SDN up to be killed. In the twentieth century, the expansion of newspapers, in editorial, plant, and other resources has largely been funded by the expansion of advertising revenue. Thus the Scottish Daily News financial structure, editorial, pagination, manpower, and capital expenditure, was determined on the

Table 21

Advertising Revenue as a Percentage of Budget Advertising
Revenue in the National Quality and Popular Press, and
Provincial Press¹

£,000

NATIONAL QUALITY NEWSPAPERS			NATIONAL POPULAR AND LONDON EVENING NEWSPAPERS			PROVINCIAL PRESS			
ACTUAL REVENUE	BUDGET REVENUE	ACTUAL AS % OF BUDGET	ACTUAL REVENUE	BUDGET REVENUE	ACTUAL AS % OF BUDGET	ACTUAL REVENUE	BUDGET REVENUE	ACTUAL AS % OF BUDGET	
1974	47,600	-	68,969	-	-	273,000	-	-	
1975	46,708	54,740	85.3%	64,533	79,304	81.3%	282,000	314,000	89.8%

Source: Derived from Table E.7 RCP, Interim Report, 1976, p 98; and
Table 4.3, RCP, Concentration of Ownership in the Provincial Press,
Cmd 6810-5, p15.

1. The Table assumes an anticipated increase of 15% in advertisement revenue in 1975. It should be remembered that 1973 was a boom year for advertising which only fell off gradually in 1974.

assumption of getting as much revenue from advertising as from circulation. But the proportion of advertising revenue absorbed, by advertising costs has gradually increased, (i.e. the administrative, production, newsprint, ink, and other costs of carrying advertisements) from 60% in 1960, to 85% in 1973, and 100% in 1975 for national popular dailies. (Popular Sunday papers made a loss from carrying advertisements in 1975). (RCP, Final Report, p39). Thus advertising, by making newspapers bigger and costlier has created another major barrier to entry into the newspaper market. (Golding and Murdock, 1977, p88).

Finances

In the financial projections the Action Committee submitted to the Department of Industry in 1974, it was anticipated that the newspaper would make a cumulative monthly loss until the middle of the fourth month of operation when a short term peak in working capital required of £630,000 would be reached. At that point, a significant and accelerating increase in advertising revenue would transform a monthly deficit into a monthly surplus and quickly lift the newspaper into profit after just over a year of operation. As Graph 2 clearly shows, at the moment when advertising revenue was to come to the rescue of the newspaper, it did not. Even the massive effort of the tabloid relaunch only marginally slowed the rate of loss: despite commencing with £950,000 working capital, instead of the projected £800,000, the paper's finances hurtled uncontrollably downwards towards bankruptcy.

The SDN was completely without the capital reserves necessary to survive any early difficulties experienced in becoming established in the market, and from the beginning it was assumed that the paper would sink or swim in the first three months: "The Scottish Daily News is likely to have a period of three months grace which is the traditional proving time of a publication and in that time they will have to rapidly

establish themselves." (Crisp, 1975,p.21). With a normal product, in normal market conditions,perhaps three months would be sufficient to test the viability of a commercial newspaper: but in 1975 market conditions were particularly severe, and the SDN had the critical problem to overcome of advertiser resistance. Substantial reserves should have been built into the capital requirements of the newspaper; but if this had been attempted, government support would probably not have been forthcoming because of the expense of the project. As it was, the SDN had to be instantly successful or panic was inevitable.

In the frantic effort to resuscitate the newspaper, the banks maintained the sceptical hostility they had exhibited towards the venture from the start: "The lubricators of the market system are bankers, and these staid and ultra-conservative financiers refused to provide liquidity, either in loan or overdraft, throughout the short, unhappy life of the paper." (McKay and Barr, 1976, p 60). The funds of the SDN had originally been deposited with Glasgow Corporation, and when they began to run out, the Corporation was constitutionally unable to lend any further money. Robert Maxwell later condemned this decision of the Works Council, and insisted that if the funds had been deposited with a commercial bank then overdraft facilities would have been available with the SDN's assets as security. (WCM, 19 September 1975). But the assets were already secured against the government loan, and without security, it is exceedingly unlikely that any bank would have contemplated extending a loan to the SDN. The only real chance of resuscitating the paper through the workers own efforts was the tabloid relaunch, which was wasted by the price reduction, a judgement with which McKay and Barr concur: "It is clear that the only realistic hope of saving the Scottish Daily News was to hold the price at 6p - or increase it - and, therefore, if one decision can be identified as the final fatal mistake it was Maxwell's decision to lower the price." (1976,p 119).

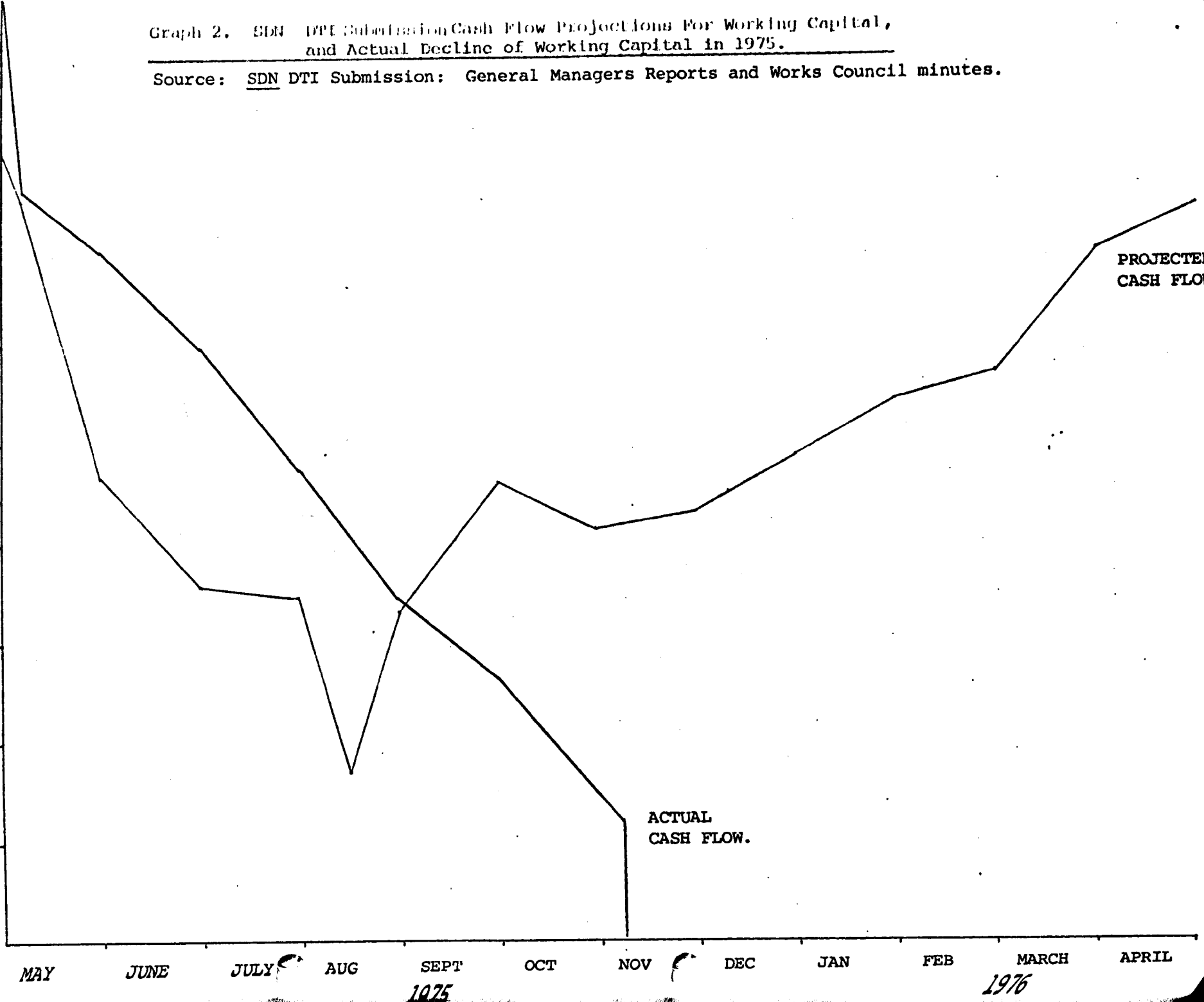
Graph 2. SDN DTI Submission Cash Flow Projections For Working Capital, and Actual Decline of Working Capital in 1975.

Source: SDN DTI Submission: General Managers Reports and Works Council minutes.

465

£000

950
900
800
700
600
500
400
300
200
100



ACTUAL
CASH FLOW.

PROJECTED
CASH FLOW.

MAY

JUNE

JULY

AUG

SEPT

OCT

NOV

DEC

JAN

FEB

MARCH

APRIL

1975

1976

Yet the financial disaster of the SDN must be compared with the performance of its commercial rivals, since 1975 was no ordinary year for the newspaper industry.

In the summer of 1975 anxiety in Fleet Street concerning the immediate financial prospects of national newspapers reached fever pitch. Though the Newspaper Publishers Association had previously been reluctant about the work of the Royal Commission on the Press, established in 1974; the Chairman of the NPA, Lord Goodman, wrote to Peter Shore the Secretary of State for Trade, calling for an interim inquiry of the Commission, referring to a "fully representative meeting of the national newspapers" which had accorded "total agreement that, independent of the deep-seated and fundamental difficulties into which the commission is enquiring, the newspaper industry is currently facing a crisis of unprecedented dimensions and dangers." (RCP, Interim Report, 1976,pl6). The decline in readership and advertising had combined with an abrupt increase in newsprint costs, and other costs, including wages, to undermine considerably the profitability of the national press. By 1975 the financial position of the national press had become so precarious that most national newspapers were making heavy losses, as the Royal Commission recorded sombrely: "Four of the eight national daily titles considered were in loss in 1975, and six out of seven national Sundays. The provincial mornings were in a similar situation with eight out of the 15 titles for which we saw figures making losses on the basis of the publishers' own allocation of these costs shared with other publications." (Final Report, 1977,p31)

The quality daily and Sunday newspapers made a combined trading loss of £6.8 million in 1975, and suffered an adverse cash flow of £10.1 million on a turnover of £116 million. If several of these newspapers had losses larger than those of the Scottish Daily News, how then did they survive? The answer is that these newspapers were owned by

companies which were subsidiaries of large conglomerates, often multi-national concerns with interests in North Sea Oil, property, finance, television, and other industries. Such highly profitable activities enabled the conglomerates to subsidize their failing newspapers, which in return, understandably, were editorially extremely grateful. To sustain their lives in 1975 the sum of £7.9 million was injected into the quality newspapers from group resources. (RCP, Interim Report, 1976, p97)

Therefore what distinguished the SDN from other newspapers, was not that it made a loss: in 1975 the majority of newspapers with which it was directly comparable - the nationals and the provincial mornings - made losses. What distinguished the SDN was firstly the particular reason for its losses - the deliberate embargo placed upon it by advertisers; and secondly the fact that as an independent newspaper publishing co-operative with no other concerns, the SDN did not have huge capital resources to call upon from profitable activities pursued in other industries.

THE COLLAPSE OF THE CO-OPERATIVEThe Final Confrontation

The solution to the fatal weakness of the SDN, some of the workers thought, was Robert Maxwell: he was the connection with big capital, without which the newspaper would not survive. It was widely assumed within the SDN, that the more Maxwell became involved in the enterprise, the more likely it was that he would contribute another capital investment, several times larger than his original £114,000, and he did nothing to dispel these illusions. It was presumed that Maxwell had the personal and corporate resources to readily make such an additional investment himself; and, furthermore, that he had links with other sources of investment capital should it be needed. Finally Maxwell's aggressive expertise in the competitive market now was seen as an indispensable asset, as one NUJ member tersely put it "In 'the commercial jungle' you need an animal". In contrast the talents of Mackie, and of the other political idealists on the original Action Committee, who had contributed so much to the successful creation of the co-operative, were now seen by some as being irrelevant, if not actually damaging to commercial survival. "So long as the commercial prospects of the Scottish Daily News grew bleaker, Robert Maxwell's claim to be the only possible saviour grew stronger." (McKay and Barr, 1976, p 116).

By August it was clear that Maxwell was only interested in total control. He had adopted publicly the title of 'Chief Executive' of the Scottish Daily News, though there was no provision for any such position in the co-operative constitution, simply for a general manager. He insisted upon absolute direction of the rest of executive management, which understandably drove most of them away in despair, as Iain Bain, the ex-financial controller declared, "I think his management style is autocratic. I think Mr Maxwell believes when he's made up his mind, that mind will not be changed. I'm not used to functioning in that fashion,

I can be persuaded by argument, but I certainly won't be persuaded when something is, in effect, rammed down my throat." (BBC2, 10 November 1975). Similarly, in his relationship with the Works Council, Maxwell attempted to impose a concept of an Executive Board, with him as Chief Executive. When this repeatedly failed, he tried to evade and undermine the Council, whilst preserving a shallow pretence at democratic participation, as illustrated in the following exchange in a television interview:

Barr: "Now the decision to go tabloid was, I think, a decision by all the workforce, and the Works Council, the Executive Council. The decision to drop to 5p I think was your own decision."

Maxwell: "That is so, yes ... my decision."

Barr: "In what way then is it a workers co-operative?"

Maxwell: "Well I'm the manager, the workers have invested me with executive power and if I feel that we need, in order to ensure our viability in the market place and commercial success that the price go up to 5p, I took that decision. But being a democrat I took it to the Executive Council, the Executive Council approved it, and therefore I acted totally and properly constitutionally within the procedures laid down in the workers co-operative." (BBC2, 10 November 1975).

Of course Maxwell's assertion ignored that a previous council had rejected the price reduction; that the meeting he referred to was attended by only half the Council due to inadequate notice; and that he was to adamantly resist and obstruct the efforts of both the Investors Council and the Works Council to restore the original price.

The Guardian cautiously put it, "Mr Maxwell's relationship with the Workers' Council at the Scottish Daily News might be described as effervescent. There are times when he seems to move of his own volition and more quickly than might be consistent with co-operative democracy." (15 August 1975). But Professor Richard Briston was more explicit:

"I feel that there is a great deal of truth in the things that are said about his managerial style. The way he behaved at Executive Council meetings where, if, for example, a vote went against him he would say on occasion, 'Well, I don't care how you vote, I'm going to do things my way.' Or even if he didn't say that, he would take steps which would commit the paper to the course of action which he wanted." (McKay and Barr, 1976, p 147).

It was indicative of the astounding nerve of Maxwell, and the remarkable awe in which many people regarded his abilities, that he could later claim credit for the tabloid relaunch - which he had had practically nothing to do with in the planning stages. In the three Council meetings in July when the critical decisions concerning the tabloid relaunch were taken, Maxwell was absent. At the 1 August meeting he attempted to postpone the relaunch to 1 September, and yet when the 18 August relaunch proved briefly a resounding success in sales, Maxwell was then to grab all the credit in personal tannoy announcements about how well the relaunch had gone:

"Attention, attention, attention, this is Robert Maxwell speaking. Many of you have expressed the desire that during the next week or so when our battle for success is being waged at the news vendors kiosks that I report to you on a daily basis how goes the battle. On Day Three I'm happy to tell you that our sales are holding up well. Once more it's a sell-out of between 240 and 250 thousand copies. There is only one item that I have to report to you which disappoints me - namely that once again we have missed the edition time - yesterday by 40 minutes. This is impermissible and I ask all concerned to co-operate and assist to make this impossible in the future. After careful consideration of what could be done I have ordered certain measures, and have notified heads of department and FOCs of the caseroom, process, and editorial. And I urge them to do the necessary that this paper is out on time tonight and every night because that's what the public wants. Thank you"

(BBC2, 10 November 1975.

Robert Maxwell was open in his condemnation of members of the Council 'interfering', as he put it, in decisions which he felt could only properly be made by him; but he always professed to be responsive to the wishes of the workforce. In fact he dominated and manipulated the workers, and often commanded them to do things in these dreadful tannoy broadcasts with the interminable use of the personal pronoun "I". Maxwell repeatedly got the SDN workers to agree to his demands, and then dressed this up as, 'The Workers have volunteered', 'The workers have requested', 'Being a good democrat the workers have insisted ...' He wielded this crude and obvious deception quite convincingly, perhaps because he was convinced that he was the best judge of the workers own interests. The attempts to emotionally harangue SDN workers into greater output and efficiency by abusive tannoy messages was bitterly resented amongst them, and the Federated Chapel banned Maxwell from using the tannoy, which he simply ignored. In August the members of the APEX chapel unanimously passed a motion of no confidence in Maxwell as a director, which he also ignored. (Scotsman, 16 August 1975). As Ronnie Gibson the APEX FOC dryly put it, "Maxwell thinks workers control is far too important to be left to the workers."

The people who bore the brunt of the attack in Maxwell's tannoy broadcasts were the Council members and FOCs who opposed him, and they seemed to offer little public resistance, as John Hodgeman sadly recalled:

"Those of us who knew Mackie and Russell, and knew how principled and honest were their efforts - not only to save the jobs, not only to save the newspaper, but also the the co-operative - were sad that they refused to enter into the confrontation with Maxwell, that could perhaps have awoken the workforce to his insidious campaign. He frequently used the broadcast system to say that Mackie and

company were 'fools' and 'knaves' and 'enemies in our midst', and he often accused them of running down the company and trying to put their fellow colleagues out of work."

The problem was that both Mackie and Russell were mild and genial people, who though they unflinchingly resisted Maxwell's efforts to dominate the Council, were incapable of competing with the obsessive and overwhelming populist oratory of Maxwell in public, even if they had wished to stoop to that level. As it was they simply assumed that the workforce was intelligent and principled enough to disbelieve the more outrageous claims of Maxwell, without mounting sufficient effort to disprove those claims. Mackie was later to maintain, "This was the basic weakness of the co-operative. Maxwell had conditioned the members into believing that their only chance of survival was to give him absolute authority...." (1976, p.136). But Mackie and his supporters bear a good deal of the responsibility for permitting this conditioning process to take place unchecked.

In Breach of the Companies Act.

By now the paper was functioning essentially with two managements acting in a separate and contradictory fashion. Normally Maxwell would force through his decisions, but when he was away they would be reversed by the Council. In the last week in August Maxwell left for a business trip in America. The Investors Council, having received a report on the tabloid relaunch, responded with the following unanimous motion:

"The Investors' Council regards the decision of the Executive Council to reduce the cover price from six pence to five pence as having been totally unjustified and irresponsible with very serious effects on the future of the Company. The Investors' Council is particularly alarmed that the decision to reduce the

price was made after the Executive Council had received a detailed report on the financial situation and projections of circulation and advertising revenue, which showed that the decision to make the price reduction was quite unjustified. The Investors' Council earnestly asks the Executive Council to fill immediately with full-time appointments, the two key posts of General Manager and Financial Controller, because a continued vacuum in these executive posts has very serious implications for the paper.

In addition, the Investors' Council suggests that the post of Company Secretary, at present vacant, should be filled forthwith, by a full-time or part-time appointment."

There followed an important Works Council meeting on 1 September, called at the instigation of Boyds, the SDN's lawyers, because they were in breach of Section 212 of the 1948 Companies Act by not having a company secretary. In the absence of any other candidate for the post it was decided to appoint William Wolfe, who was attending the meeting as a replacement for Jimmy Milne. William Bargh presented the report of the Investors Council, commenting that "if we intended to drive the paper into the ground the first step had been taken with the decision to reduce the cover charge, as this meant that we were losing valuable revenue at a time when it is badly needed. He stated that the Investors Council felt that most people do not bother about the difference between 5p and 6p and therefore they felt that the decision to reduce the cover charge had been wrong, and that they wished the decision reversed."

Rankin Durnin, the financial controller revealed that despite the increase in circulation and advertising with the relaunch, losses were continuing at £20,000 per week. Then in response to the question of how long the paper could continue at that rate of loss, he ominously replied "that we could exist for 10 weeks from a financial point of view,

but the legal position under Section 332 of the 1948 Companies Act would have to be considered, in that a company making a loss with no foreseeable return to profitability is duty bound to appoint a voluntary liquidator. Due to the DTI monitoring the company on a daily basis, should this occasion ever arise, they would advise us." (WCM, 1 September 1975). After a discussion of the effect of the price reduction on circulation, Mr Bargh put the motion that the price be reversed to six pence from 22 September. But Mr Maxwell's influence was not so easily shaken off: "At this point Mr Durnin raised the fact that £47,000 had been spent on advertising the 5p price, with great emphasis on the fact that we were trying to beat inflation. He then asked how we were going to present to the public that the price would have to be raised." By stressing the price reduction as the main message of the SDN TV advertisements, Maxwell had made it virtually impossible for anyone to reverse his decision, though he knew there was fundamental opposition to it. The Council though, decided that they had to act, to save the paper, and the vote to increase the price was 5 to 1 in favour. Disingenuously, the way out of the embarrassment, was seen as to blame the DTI, "to wait until the DTI had examined us on 18 September and then announce to the public that we were very sorry that although we had tried to beat inflation, the DTI had decreed otherwise." There was then a brief discussion of the £59,000, due to Beaverbrook, and of a counter claim Robert Maxwell had made to Jocelyn Stevens for £40,000. It was decided to treat the matters as separate entities and pay Beaverbrook the money before they issued a writ they had threatened. Finally Allister Mackie gave notice to the meeting that he intended to call a vote of no confidence in the stewardship of Robert Maxwell.

Arriving back in Glasgow, Maxwell could not contain his fury that so many of his plans had been thwarted in his absence. His anger exploded through the tannoy at six p. m on 3 September :

"Attention. This is Robert Maxwell speaking. We have doubled our circulation. What a time to pick by those terrible people, the enemy in our midst, to destroy our courage and our reputation. I want you to reflect carefully on what I have said. Now is the time when you have got to stand up and make up your mind - either you want the management and leadership I have provided, or else you can take the situation which Mackie and Russell and their ilk have brought about. The DTI has asked me to go to a meeting on Tuesday. I cannot go to that meeting with a divided voice. I think that you ought to know that Mr. Mackie, without notice to me, has taken a decision to increase the price of our newspaper to 6p from 22 September. This increase would be suicidal to our credit and our livelihood. I held up a cheque of Beaverbrook for £59,000 because they have not fulfilled their promise on machinery. In addition Beaverbrook owe this company £40,000. Mackie insists that it be sent, and signed the cheque without my permission.

I am sorry to give you this dreadful news. This is Mackie and Russell, for reasons of their own, who wish to play politics with the safety of your job. Now is the time to let your feelings be known. I have ordered the caseroom management to tell Allister Mackie that he should do a full day's work for the money he gets. It is therefore up to you. I want to hear from your chapel representatives what you want to do to save your jobs. Thank you and goodnight." (McKay and Barr, 1976, pp 130-31).

Most people in the Albion Street building felt Maxwell had gone over the top with this announcement, but not the caseroom where "Maxwell's support was strongest in the composing room, where the committee seemed almost to go out of their way to interpret Maxwell's wishes and then to implement them." (Mackie, 1976, p,137). Here the announcement was an instant success, for the caseroom met immediately and passed a motion of no confidence in Mackie - Maxwell then proceeded to do everything in

his power to block the decisions made by the Council on 1st September.

The next morning he rang the deputy managing director of Beaverbrook and told them that he would not be paying the £59,000 agreed by Mackie. Though they must have been stunned by this development, the predictable reaction of the Beaverbrook management was swift and punitive. In a telex later that day from Beaverbrooks solicitors to the SDN's solicitors, the authority conflict at the SDN was revealed in high relief:

"Boydslaw Glasgow
Attention Mr Dorman

"As you know Scottish News Enterprises have agreed to pay Beaverbrook Newspapers Limited pounds 59,680 in respect of VAT recovered on the sale of the plant and machinery. As a result of a letter sent to my clients by Maxwell on 11 August in which he sought to repudiate the agreement reached between Hethrington and your clients on this point, my clients stated that they would commence proceedings if payment had not been received by Friday 29 August. Following a telephone conversation between Mackie and my clients on Monday they agreed not to start proceedings and Mackie agreed to make payment without delay. Maxwell telephoned Beaverbrook this morning to say that he would not pay until he had a meeting with Jocelyn Stevens about a further payment of pounds 40,000 allegedly due by Beaverbrook to Scottish News Enterprises Limited. Maxwell said that you would deal with the matter on behalf of Scottish News Enterprises Limited.

My clients again reject as preposterous the suggestion that any liability exists for any further payment to Scottish News Enterprises and unless a cheque for pounds 59,680 is received by Messrs. Carruthers, Gammill and McKillop by 3.00 p.m. tomorrow, Friday 5 September, drawn in their favour,

in payment of the amount due to my clients, I am instructed to authorise Carruthers, Gammill and McKillop to institute proceedings without delay."

Regards

Bullimore

Lovell White and King."

In the same day, Maxwell had written a letter to Mr Dyer the deputy managing editor of Beaverbrook, that was by no means a model of commercial and legal discretion:

Without Prejudice
4 September 1975.

Dear Mr Dyer

"I confirm our telephone conversation this morning, as follows:

1) That I will not release the cheque for £59,680 due to your Company until Jocelyn Stevens and I have met face to face to dispose of the promised £40,000 additional payment from Beaverbrook to this co-operative. It was because of this understanding that I agreed to make the additional investment necessary to enable the deal to go through, under which your Company obtained the sum close to £900,000.

2) I enclose herewith a list of items which remain uncompleted or undelivered under your Company's warranty in connection with our purchase from you of the plant and equipment at Albion Street.

You will agree, I am sure, that a great deal of water has flowed down the Clyde since completion and we are forced to ask that these outstanding matters be dealt with promptly.

I repeat I am not looking for any fights with Beaverbrook, all I want is for this co-operative to receive its fair due. I am ready to meet Jocelyn Stevens at any time and Sir Max Aitken to dispose of the matter promptly, and in a friendly way.

I look forward to hearing from you."

Yours sincerely,
Robert Maxwell, Chief Executive.

(Allister Mackie bitterly pointed out that beginning the letter "I will not release the cheque for £59,680 due to your company..." was not exactly a prudent choice of words in the circumstances. It was in instances like this, that some members of the Council and management felt they might do rather better without the assistance of the business talents of Robert Maxwell.)

A further part of Maxwell's strategy of counter attack, was a memorandum he submitted to the Works Council on 5 September 1975. This was markedly different from the memos submitted previously by the general manager, which had been informative but restrained; since accompanying the extremely grim figures was an emotive appeal for support for Maxwell's own recovery plan which flatly contradicted the decisions taken in the last Council. It was noted that losses to 30 August last year were £374,356, and that the remaining cash was £205,000, which left enough money to pay wages for 12 weeks. The memo continued, perhaps unnecessarily labouring a point the workers already pain fully realised: "The Directors and workforce must face the fact that owing to the disastrous losses incurred since the original launch their money of approximately £200,000 has been lost; my investment of £114,000 has been lost; and within the next 10-12 weeks the balance of the shareholders' equity will have been eroded and lost." Referring to the forthcoming meeting with DTI at which the Minister of State at the Scottish Office, Bruce Millan, (who was the Minister responsible for industry in Scotland), would be present, Maxwell maintained:

"I am sure he will point out to us that under Section 332 of the Companies Act 1948 as amended in 1967 unless the directors have a business plan which they are confident will reverse the losses of the company within a reasonable time and that they have the necessary cash resources not only to pay wages but to meet the bills of suppliers as they fall due,

the Directors are legally bound to put the business into voluntary liquidation, because if the Directors do not do it, it may not be very long before some creditor does it whose account has not been paid on time, and he would take proceedings for the compulsory winding up of the company.

Our current business plan, involving the price reduction to 5p and the doubling of sales and the doubling of our advertising, if continued with - and if the increase in sales and advertising is maintained, as I believe it will be - gives us confidence to continue in business with a good chance of success."

Here Maxwell acknowledged the reality of the prospect of liquidation, which he was later to condemn Mackie, Russell and Wolfe for doing; and refuted the plans of the Council, insisting upon his own as the only alternative for the company. Finally in the memo, having done so much himself to disturb the continuity of management at the SDN, Maxwell insisted, with breathtaking audacity, that there should be "no hiatus in management, no loss of confidence by the public and our advertisers."

At the ensuing Council meeting Maxwell successfully slammed home his attempt to reverse all the decisions taken just five days earlier. He questioned the right of the Investors Council to submit their report on the price reduction and argued that "they should not interfere in management decisions." Milne replied "that decisions which affected the life of the paper were areas in which the Investors Council was duty bound to protect the investors." Though still adamant that the price increase should occur the Council was constrained because "despite the Works Council decision to alter the price to 6p, advertising on TV and radio had continued using the 5p paper as its main selling feature."

It was therefore decided to stop all advertising using the 5p price as the major selling point, and reluctantly defer consideration of the price increase until the end of September. On the question of the Beaverbrook payment, the events of the previous day were recounted, and the SDN lawyer stated that the verbal contract between Stevens and Maxwell regarding the sum of £40,000 "would be difficult to prove and that the onus was on the creditor to prove his case. As this could be a lengthy process he felt the £59,000 should be paid and the contract between Mr Stevens and Mr Maxwell be taken up as a separate issue." A compromise was finally agreed that £40,000 should be paid to the Auditor of Court, to show that the money was available but being withheld until settlement with Beaverbrook was reached, and the balance owing to Beaverbrook should be paid. The final item of business was that :

"Mr J. Russell complained to the Executive Council that whilst he and the Chairman were absent from the building on Wednesday night 3 September, Mr Maxwell had made a tannoy broadcast during which he stated that Mr Russell and Mr Mackie were calling in liquidators to wind up the company and that he would prevent this happening. Mr Russell and Mr Mackie strongly objected to this message as it was completely untrue. Mr Maxwell replied that he had been misinformed and tendered his apologies which were accepted." Having had all his plans restored, Maxwell could afford a faint - and frankly insulting - apology for the attacks he was to viciously escalate in a weeks' time

The Department of Industry Meeting

During the preparations for the meeting at the Department of Industry, William Wolfe, in his capacity as company secretary, was informed by the EDN's lawyers that due to the critical state of the finances of the company, a provisional liquidation statement on the financial assets of the company would have to be drawn up. Wolfe did this in a report which offered three clear alternatives:

- 1) An additional government loan of at least £250,000, to sustain the recovery of the paper.
- 2) That the government relinquish part of its security on the Albion Street premises, which might then be used as collateral in raising a loan of at least £250,000 from normal commercial sources.
- 3) The liquidation of Scottish News Enterprises Limited under Section 332 of the 1948 Companies Act.

(Financial Times, 29 October 1975).

The second option was the central proposal of the report; the first optimistic option was to allow the government to say 'no'; and the final option there to show the dire consequences if the government refused the assistance of releasing security on the building: the idea was to embarrass and force the government into offering this minimum assistance. Mackie showed the draft of the report to seven of the remaining nine directors, either in preliminary or final form, though there was no Council meeting to discuss the report. When the report was presented to Maxwell he agreed with the figures, and the final conclusion that they had to raise further capital or liquidate the company. But Mackie did not tell Maxwell that the report was to be submitted to the Minister at the forthcoming meeting, because he feared that Maxwell would prevent this happening without offering a valid alternative approach. This evasion proved to be a fatal mistake by Mackie.

At the meeting at the Department of Industry on Saturday 13 September the Minister of State, Bruce Millan, agreed that the paper had improved, and listened to the argument that more time was needed to achieve a good product. However he was aware that the SDN was in danger of violating the Companies Act and trading illegally. The SDN team accepted that something had to be done or the company faced liquidation, and at this point Mackie offered Millan the report prepared by Wolfe for consideration. Suddenly Maxwell erupted, incensed that the desperate plight of the company had been revealed to outsiders, contrary to his own optimistic pronouncements. (Though the DTI had the daily balance sheet of the SDN, so they knew anyway). In an amazing allegation, he accused Wolfe of working for Sir Hugh Fraser, the owner of the rival Glasgow Herald and Evening Times, and he condemned Mackie for wanting to close down the newspaper. Staggered at this intervention, Millan passed the unconsidered report back to Mackie, and the meeting broke down with Maxwell promising to return within a week with firm proposals of a fresh injection of capital. In the street outside, Mackie and Maxwell indulged in a pavement slanging match, which did little to support the collapsing public image of the newspaper.

Since there was no Sunday edition of the newspaper there was little Maxwell could do in retaliation for 24 hours; but as soon as the SDN workers were assembled again on Sunday night to prepare Monday mornings edition, he made his most furious assault ever upon his opponents in the Council through the tannoy. John Hodgeman vividly remembered the ugly event:

"His voice was cracking with emotion, and he said that Mackie, Russell and Wolfe were trying to 'liquidate' the company. Maxwell ordered the workforce to assemble the following day at noon at an unconstitutional meeting at which he said he would ask them to "rid themselves of these terrible people! My lasting impression of that tannoy message was of

Robert Maxwell choking on his words, mixing them up, and towards the end becoming completely incoherent. Those around me, including even the strongest of Maxwell's supporters, were deafened and disgusted. All the journalists present, no matter whether they sided with Maxwell, or Mackie, or neither, concluded that Maxwell had made a very grave error in using the tannoy in this way. Maxwell's consistently strongest supporter on the editorial, Allister McCallum, described this as 'a hell of a stupid thing to do'. Apparently, some of his supporters went to Maxwell the next day and told him that this sort of behaviour would have to stop."

To reinforce the tannoy broadcast Maxwell distributed a confidential memorandum to the workforce, which after claiming for himself responsibility for the success of the relaunch, continued: "Our projections for increases in advertising revenue and income from other sources lead me to project our losses for the last quarter of this year will be reduced to average between £10,000 and £12,500 per week and during the first quarter of 1976 I am confident that we will be at break even point. We have a substantial six-figure cash balance and are paying our bills as they fall due. Our company is fully solvent." Then among the final clauses of the memo Maxwell turned from blind optimism to vitriol:

"The attempts by Mr Wolfe, Mr Mackie, Mr Russell, Mr McNamara and some others to push this company into liquidation is as unnecessary as it is despicable. If these irresponsible elements are allowed to continue to hold any position of authority in this company then it can only result in one thing - the closure of the paper and the loss of your jobs. I am sure that 99% of you want no such thing and will take the necessary steps at this meeting to stop it and to make it clear that you will no longer tolerate anyone in our midst playing 'politics' or

irresponsible games with the security of our paper and its 500 jobs.

No newspaper in the present economic climate can expect to be profitable within its first year. In spite of all the hard work by you the workforce since last May in getting the paper out, the company has lost a great deal of money, a lot more than it should have done had it been effectively managed. Equally had it had a proper strategy and effective support to get advertising, the volume of advertising would not have been as abysmally low as it was. The responsibility for this disaster belongs to the Executive Council and not to the hard-working advertising sales force. These matters, as you know, are being put right successfully and will improve substantially over the next two to six months.

At today's mass meeting you must decide whether you are going to clear those people out who are in favour of liquidating and give your authority to me and those members of the Executive Council who are for continuing the paper in business and for doing their utmost to make a success of it. The following members of the Executive Council are against liquidation:

Mr. A. Blyth, Mr. N. Goldberg, Mr. R. Maxwell, Mr. F. Sillito.

If that is your decision I assure you we will have no difficulty in preventing this calamity

I am sure that once we have ended the internal squabbles and got Mr Mackie and his friends off the Executive Council and back to doing a job of work for which they are paid to do (sic) all will be well. Finally, I am optimistic that we shall have no difficulty in getting support from the Government and other sources to enable us to get the additional financial reserves should it be required."

This memo, riddled with distortions of the actions and intentions of others, and overwhelming in sheer arrogance, is an accurate indication of the approach of Robert Maxwell to his executive position at the SDN. Two aspects of this approach stand out clearly: firstly the contempt for anyone who questioned his decisions, which he dismissed as 'playing politics'; this was part of a rejection of the principle of democratic collective decision making, which Maxwell defined as 'internal squabbles'; and a disdain for the involvement of workers in executive decision making, whom he preferred back on the shop floor (if, that is, they contested his ideas). Secondly, in blaming the Council for the shortfall in advertising, rather than the advertisers themselves, Maxwell indicated how the paper would be more accommodating to advertisers in future.

The Mass Meeting That Killed the Co-operative.

The ensuing mass meeting was in many ways a democratic farce: there was inadequate notice; inadequate publicity (the chairman of the co-operative, Allister Mackie, was one of many who did not hear of the meeting until it was in progress); an inadequate agenda with a highly manipulative wording; and an unconstitutional motion calling for the resignation and re-election of members of the Council, which could only be properly carried out at a formally convened AGM or EGM. The agenda itself was a small masterpiece of malpractice:

Meeting of the workforce to be held on Monday 15 September 1975 at 12 o'clock.

AGENDA.

1. Motion by show of hands of the members approving the holding of this meeting.
2. Nomination of Chairman for the meeting. Members of the Executive Council cannot be nominated.
3. Endorsement of SGA's vote of no confidence in A.A.Mackie and the resignation of the Directors, en-block (sic), who may seek re-election if

they wish. This motion to be moved by K. Grant, seconded by G. Smith. The motion is supported by Machine Room Chapel and some members of SLADE Chapel.

4. R. Maxwell's proposals for additional capital injection by himself and others in order that an application can be made to the Government to provide further capital of up to £250,000 to enable us to have an additional reserve in case advertising and circulation revenues do not live up to projections in 1976.

The agenda notice was unsigned and undated, and it was by no means clear who it was from. The references to the trade union chapels would imply that it was to be a mass meeting of the chapels in which case the Imperial Father of the Federated Chapel should have been in the chair. Yet it was clearly intended to be also a meeting of the employee members of the co-operative, therefore Mackie as co-operative chairman or Wolfe as company secretary, should have signed the agenda, which they could not do as they did not know the meeting was taking place. Whoever wrote the agenda, was cavalier in the notion that the mass meeting could simply by majority vote decide to go ahead with an unconstitutional meeting, and arrogant in proposing who could - and who could not - be chairman of the meeting. In item 3, the motion in question is not fully set out as it should be, although the support for the motion certainly is. But how the backing of "some members of SLADE chapel" could be put forward as a serious proposition is quite amazing. When the SGA motion finally emerged, it consisted of the following:

"At a recent SGA chapel meeting we expressed our confidence in Robert Maxwell's proven economic expertise, to guide and assist our enterprise.

In view of the repeating pattern of events which occur in the Works Council in Robert Maxwell's absence, this SGA Chapel records a vote of No Confidence in Allister Mackie's continuance

as Chairman and invites him accordingly to resign at this stage and seek re-election.

This meeting today endorses the SGA motion and also expresses a vote of No Confidence in Mr James Russell's continuance as a director and also a vote of No Confidence in W. Wolfe's position as Secretary and invites them to resign their positions and if they wish they can stand for re-election at a meeting to be convened at an early date".

Thus, contrary to the agenda summary of the motion, the directors were not to resign en bloc, but only Mackie and Russell. (The other directors did not resign nor was there a proper meeting later to elect replacement directors.)

Most of the opponents of Maxwell who knew about the meeting, stayed away in disgust, one group assembling in the Express bar next door; and only a few were prepared to attend the meeting with Maxwells supporters to witness the - by now - inevitable victory of Maxwell. John Hodgeman through, made a deliberate point of attending the meeting, to record for himself the manner of the demise of the ideal he had fought for:

"It is necessary to outline briefly what the normal procedure was at a mass meeting, so that it can be seen how irregular this meeting was. Normally, the Works Council would be ranged together, whatever their views, in front of the assembled workforce. The chairman of the meeting, who would normally be the Imperial Father of the Federated Chapel, that is the leader of the Shop Stewards, would sit in the middle of the Works Council and take any points or comments from the floor in an orderly manner. This time everything was different. Half of the Works Council were not present. Those councillors who were present did not take up their usual positions, but stood around the back of the meeting, and

mingled among the rest of the workforce. Where there would normally have been a dozen people in the central point of the meeting, therefore, now there was only Robert Maxwell.

Mr. Maxwell said that he wanted to conduct a properly organized meeting and he therefore said that he intended to have a chairman elected. On a show of hands, the head printer, Alec Munro, was elected. He had been nominated by the case room, not by Maxwell, and did his best to conduct a proper meeting, but Maxwell railroaded the show. The motion to get rid of Mackie, Russell and Wolfe had not only been prepared many days in advance, but Maxwell also had a copy of this motion, which supposedly came from the floor independently. He referred to this motion, which the mover, Kenneth Grant, admitted had been prepared several days in advance. While Grant was reading the long and complicated motion, Maxwell was scrutinizing his copy, and at one point raised for discussion a part of it with which he was unhappy. This was a paragraph that the case room had added without reference to Maxwell, investing him with the power and authority to remove from the Board any Works Councillor who disagreed with him on any matter whatsoever. This paragraph had to be deleted or the pretence of the firm remaining a workers co-operative could no longer be sustained.

Maxwell stood up and said that his reason for disagreeing with this part of the motion was that he did not want so much power. About a dozen of us among the 315 present gave an ironic cheer at this news: the rest of the workforce seemed to swallow this latest price of nonsense. The case room happily agreed to this deletion, and the tactic of seemingly having two opposed views (case room versus Maxwell) served to successfully thwart anyone putting a view which was contrary to both the case room and Maxwell arguments. Mr. Monro, the chairman of the meeting, then hurried on to a vote. However, before this could be taken Allister Mackie arrived. There was much

shouting and booing, and much smirking from Mr. Maxwell. When Allister Mackie stood up to address the workforce Maxwell kept making dismissive gestures with his hands. Mackie told the workforce that they were holding an unconstitutional meeting. Maxwell agreed that the meeting was unconstitutional, but said that, 'There is no time for such niceties'."

Allister Mackie had learned of the meeting in a phone call from Jimmy McNamara, "The first I knew of the workers mass meeting was this morning. I was standing in my pyjamas when I got a call to say it was on I did not get much of a chance to address the men. Asked why he had not told Mr. Mackie about his intentions to call the meeting, Mr. Maxwell replied 'These things happen'." (Daily Express, 16 September 1975). In his presentation of the Wolfe document to the meeting, Maxwell declined to mention that the principal objective of the report had been to examine ways in which the government might help the company avoid liquidation, but instead maintained that it was a malicious effort to push the co-operative into liquidation. (Financial Times 29 October, 1975; Mackie, 1976, p. 139). Mackie insisted that the meeting was unconstitutional, but attempted to explain the intentions of himself and Wolfe - that they hoped to save the co-operative, but that liquidation would be a final alternative forced upon them, in which they had no option. He concluded earnestly, "If you accept Robert Maxwell, then you are accepting his morality..." but his quiet words were drowned in the waves of angry hostility, reverberating around the crowded room. Mackie then left the meeting, particularly saddened that the motion of no confidence in him came from the SGA, which he had been a member of for fourteen years. Afterwards he explained, in private, one reason why he could not battle in debate with Maxwell: "I'm not a well man, I've only got one kidney, and that doesn't work very well. After some of the mass meetings, I would go

and retch up everything in my stomach. The emotion in the meetings overacts the adrenalin glands and my body can't handle it. I'm not excitable, I'm very relaxed most of the time, but in those meetings with Maxwell, I just go sick."

By now many of the assembled workers were oblivious of any concern for Allister Mackie, and adulatory in their slavish devotion to Robert Maxwell. Ronnie Gibson laughingly recalled, "The guy who was moving the motion actually said, 'Maxwell was a captain in the army, he can be our captain too! He was quoting from the bible as well - it was a farce". Also in his speech Grant made the classic statement, "We've got to face it ... we need to feel the master's whip!", which the Sunday Times gratefully sub-headlined in its extensive report of the events (21 September 1975). The irony was that the speaker, Ken Grant, was chief reader, a foreman that is, not an ordinary shopfloor worker; and among foremen such sympathies are legendary since it is customary that they should wield the whip, not suffer it! Similarly Mackie was astounded at the workers choice of a chairman for the meeting, the head printer who had applied for the assistant production manager's job, "the workers put a management man into the chair!" (The intriguing tactic by employers of encouraging foremen to speak at meetings as if they were ordinary workers and then extensively reporting their comments in the 'manufacturers newspapers' was apparently common in the early nineteenth century!) (Marx and Engels, 1976, p.208). But the great majority of the workers at the SDN meeting were prepared to go along with this ugly charade, as Gibson stoically remarked, "Too many of the workers are willing to accept anything just for a job." John Hodgeman made a valiant but solitary effort to convince the SDN workers they were sadly mistaken in the course they were intent upon, he remembered,

"A move was made by the chairman to take a vote, and at this point I put up my hand. I asked him if it was not reasonable to allow someone with a contrary view to the proceedings to speak. Several voices among the workforce tried to persuade the chairman not to allow me to speak but he allowed me to go ahead. The first point I made when I spoke was that the whole meeting was unconstitutional and therefore invalid: that I was loathe to participate in any voting procedure; but that I could not allow these proceedings to come to a conclusion without any voice of dissent being raised. I pointed out that I did not have any alternative motion or amendment, but I pleaded with the workforce to vote against the motion, in order not to invest Maxwell with supreme authority. I tried to explain my reasons for so persistently opposing Maxwell..... The meeting listened to everything I had to say without further interruption, but when I came to the conclusion that I would rather lose my job, and face the dole queue than be a pawn in any more of Maxwell's games, this raised the old spectre of them being thrown in the streets again and I lost all sympathy. Allister Bluth, who was to be appointed the new chairman in place of the existing Mackie, replied to my speech. He said the only priority now was to save the jobs. He made no reference to saving the co-operative, and his final lines were that, "When I come into the Scottish Daily News, I leave my politics at the door." The vote was then taken. The support for Maxwell was so overwhelming that he did not bother to count the 'ayes'. A count of those against showed there were 12 voters, there were also eight abstentions."

The workforce had eagerly approved the motion in hopeful anticipation of the announcement of the full implications of item 4 on the

agenda "R. Maxwell's proposals for additional capital injection by himself and others...", which they felt sure would include a personal investment of several hundred thousand pounds. This was the 'silver hammer' of Robert Maxwell that he had deployed so skillfully on this and other occasions. As Marx once observed, "the splendid Gaels had now to suffer still more bitterly for their romantic mountain idolization of the 'great men' of the clan." (1976,p.692). For it transpired that Maxwell was only prepared to offer a maximum of £25,000, which would barely cover two weeks losses of the newspaper. Moreover the shocked workers learned next that the "others" to contribute would simply be themselves, in the naked motion that :

"A vote in principle be given to authorise the Company to deduct a half-week's wages per month for the next three months as an additional contribution to the share capital of the Company if necessary."

This was presented as "an opportunity to further invest in the enterprise", which most people distressfully interpreted as a wage cut over the next three months. The proposal was later presented in the previous format of a 50 pence investment by Maxwell for every pound contributed by the workers. Thus the SDN workers were guilty of allowing themselves to be seriously manipulated due to misconceived self-interest.

Immediately after the meeting, in a televised press conference Robert Maxwell strained to preserve a shattered public image confronted by awkward questions:

"Reporter: I understand that the mass meeting was told today that you are somewhere in the region of £200,000 short - or that is required to keep things going?

Maxwell: We are very solvent, we have no financial problems.

Reporter: Why are you asking workers to give a cut in their wages?

Maxwell: We're asking nobody to take a cut in their wages.

Reporter: Can you tell me precisely what the workers have volunteered to do?

Maxwell: The workers have volunteered to make a further investment in this company during the last quarter of this year - October, November, and December, of a figure of approximately between 45 and 50 thousand pounds, as showing their confidence in the future of this newspaper.

Reporter: And how are they going to do this?

Maxwell: They're going to do this by er , paying a half week, using a half week's money per month ... invested in the ... half a week's money per month.

Second Reporter: "Can I ask one straightforward question again?"

Maxwell: If it's straightforward.

Second Reporter: It is absolutely straightforward. Does the Scottish Daily News need any new cash?

Maxwell: No.

Reporter: Why, Mr. Maxwell....?

Maxwell: If it needed any new cash, why would we wait for this investment to be made in October, November and December, and what would it do with its huge high six figure cash balance today?

Reporter: Is the Daily News, Mr. Maxwell, short of money?

Maxwell: No! "

(BBC2, 10 November 1975).

Victims of An Ideological Clash.

There followed a sombre Council meeting in the late afternoon at which Robert Maxwell secured the, as yet unsoured, fruits of his victory, and as each item on the agenda came up in turn, he apparently had cause for a burgeoning satisfaction. In the first matter to be considered, it was revealed by Wolfe and the SDN's lawyers that examination of the original contract with Beaverbrook had revealed no reference to VAT payments, and therefore the SDN could hold on to the £59,000 VAT money. Turning to the price rise, the circulation manager had recommended that it should be at the beginning of February, which allowed Maxwell to appear reasonable by suggesting early January. On the question of the Wolfe report, Wolfe stated that he had prepared the document for the Council and not the DTI, and Mackie was criticised for submitting it to the Minister. Considering the events of the mass meeting: "Mr Maxwell apologised to the Works Council and the Federated Chapel for calling the mass meeting but said it was an emergency: the workforce had to have their say before the Council made any irrevocable decisions".

In discussing the motions which had been passed, "Mr. Goldberg said that Mr Mackie should heed the workforce." To which Jimmy McNamara, there in place of Russell, heroically replied that he was in favour of "winding up in a working class manner." Mackie accepted that he had no alternative but to tender his resignation, and Wolfe stated that, "I note the resolution passed by the workforce as far as my position as company secretary is concerned. I have done my duty with a clear conscience. I am not prepared to prevaricate and disguise the seriousness of the financial situation of the company, or to hide it from the Executive Council. I note that the workforce believes that Robert Maxwell can keep this company going. I hope their confidence is fulfilled. I resign in order to leave him to operate as he sees fit."

By agreement, in his absence James Russell's resignation was also tendered. Thereupon Allister Blyth was proposed as the new chairman by Maxwell and seconded by Goldberg, and since there was no other nomination, Blyth was elected unopposed. Finally, before excessive jubilation could break out in the Maxwell camp, "Mr. R. Patrick of Boyds intimated that Boyds wished to be relieved of legal liability and would be withdrawing their services to the Company. He informed the directors of their responsibilities under Section 332 of the Companies Act and their view of the present financial position." (WCM, 15 September 1975).

The debate about the democratic and commercial viability of the Scottish Daily News now moved out of the Albion Street building and into the pages of the national press, where it was to be a controversial focus for many weeks to come. In an opening barrage Maxwell refuted claims of imminent liquidation:

"The paper has doubled its circulation and doubled its advertising. It has a substantial six-figure cash balance in hand. It is reducing substantially the initial losses that any newspaper is bound to incur during the period of its launch and it is expected to break even early in 1976 and perhaps go into profit later in that year ... I am sure that, now the internal squabbles are over and there is a clear and united management line which the workforce understands and overwhelmingly backs, the Scottish Daily News can now look forward to getting on with the job of producing an exciting, challenging, and successful newspaper. I have no intention of taking over the Daily News: in fact I intend to hand it over to a full-time professional as soon as possible." (Guardian, 16 September 1975). The Economist analysis simply resorted to the crude Social Darwinism so beloved of corporate man: "When disaster is at hand, power tends to go

into the hands of one powerful and determined man. The real test will come if the SDN survives. Will Mr. Maxwell continue in power by force of personality?"

(27 September 1975).

Under the imposing headline of "Victim of an Ideological Clash", Allister Mackie made a resounding reply in the Scotsman, in which he was "at pains to point out that the battle between himself and Mr. Maxwell has never been on a level of a clash of personalities, but a clash of ideologies." The article described Mackie as a figurehead for the whole co-operative concept and, as a fervent believer in the principle of workers control, the spokesman for the elected body responsible for running the co-operative rather than a leader, and continued quoting Mackie:

"The differences between the Works Council and Mr. Maxwell arose because of his style of management. We fought to preserve the Works Council's right to make basic policy decisions, but Mr. Maxwell refused to recognize them unless he happened to agree with them. In other words, he was running the paper on his own. What the workers were saying in yesterday's vote was that they didn't want a co-operative, they wanted Mr. Maxwell to run the company. It was a vote against the concept of the co-operative. I stood for that concept, and that is why I felt it a matter of honour to resign. Mr. Maxwell's management style is totally authoritarian - he tolerates no opposition, and that is not compatible with a co-operative. He has made very many bad commercial decisions, and the Works Council prevented some of these from being implemented by having a restraining influence. Now I think there is a danger of more such

decisions because he is not inhibited by the Works Council".

(17 September 1975).

The analysis of Mackie was strongly supported by Eric Tough, the general manager who had resigned the previous month, when Maxwell became Chief Executive. Tough insisted that the concept of a workers co-operative in Albion Street was "stone dead". Now that the original concept had vanished it would be unfair to judge the principle of workers control by the fate of the Scottish Daily News. 'If it succeeds or fails now, it will be on its merits as a newspaper and as a Maxwell venture. The economic climate and advertising revenue may well have an effect but the experiment as such has been wrecked'. (Guardian, 17 September 1975). Even the august columns of the Daily Telegraph found some sympathy for Mackie's position: "Mr. Robert Maxwell is at loggerheads with union leaders over his personal domination of the strife torn Scottish Daily News which is run as a workers co-operative. There were hints in Glasgow last night that a meeting of print union leaders will be held shortly to decide what action they can take to unseat Mr. Maxwell from his position as chief executive. It is felt that he is using all his power to gain control of the organisation. Mr. Mackie was one of the few people who stood up to Mr. Maxwell, and his removal is seen in some quarters as a further step towards absolute control by Mr. Maxwell. Mr. James Crossan, Imperial Father, said last night that he felt the paper was no longer a workers co-operative and Mr. Maxwell seemed bent on absolute power ... He said the workers seemed to regard Mr. Maxwell as a 'Father Christmas figure' but he hoped they would change their opinions before it was too late. 'There is no way that Mr. Maxwell alone can save the paper.' (17 September 1975).

Maxwell was not quite alone, in that he had two unremitting supporters in Nathan Goldberg who was soon to become editor, and

Alister Blyth who had taken over as chairman of the SDN. Goldberg was something of an enigma: he was undoubtedly ambitious as his quarrels with other senior editorial appointments had shown; he described his support of Maxwell as pragmatic - a necessary expedient in order to preserve the paper. But Goldberg was also an idealist who had drifted in and out of sympathy with a number of left-wing organisations, including the International Socialists; and was currently a member of the Communist Party, where ironically, Maxwell's firmest opponents, including Jimmy McNamara and Ronnie Gibson, were located. This prompted the following amusing exchange between Mackie, a stalwart of the Labour Party, and Gibson :

Mackie: How could you let anyone like Goldberg in your party?

Gibson: How could you let someone like Maxwell in yours !

It was a lot easier to understand Alister Blyth. Charlie Armstrong, who had worked alongside him for years, explained:

"Blyth was picked out early by Maxwell as someone who would do what he was told, but would be presentable to the workforce. In the Beaverbrook days Blyth applied for an overseers job twice and both times he was knocked back. It was only then that he got interested in the union, because it was the only possibility left open to him. When the SDN started he certainly didn't want to go back as a stereotyper in the foundry, its an awful job.

But he wanted to do eveything else: he wanted to be an overseer, on the Works Council, and an FOC - the lot.

He had to be told it was not on". Early in the summer, Ronnie Gibson had angrily supported this assessment:

"Blyth wanted to be FOC and on the Works Council, it was impractical. It is the same as with overseers and FOC's, the two argue against each other, it is impractical

to have one man to do this. At the moment Blyth is organizing the competitions, as he did the advertising at the launch, but now we have executives to do this work. Blyth is after the job of competitions manager, but the only reason he is doing the work is because he is a director, though it was understood in the articles of association that no director should benefit from his position."

Hence a measure of Blyth's abilities, and an indication of his personal and political orientations, was that as a works councillor his major contribution to the SDN, prior to assuming the chairmanship, consisted of organizing the June car competition, and the weekly spot-the-ball competitions, which occupied most of his time. He also organized a golf competition, and among his suggestions was that the Council should consider organizing a lottery in conjunction with the tabloid relaunch, and using bingo as a promotional medium. (WCM, 4 August 1975). It might be argued that Blyth was eminently suited to become a competitions promoter, but hardly the chairman of a newspaper with a supposedly socialist and trade union orientation.

From the start of Blyth's chairmanship it was apparent that he was the representative of Maxwell, and would obediently comply with almost any of Maxwell's requests. Often Blyth was prepared, or constrained, to carry this compliance to ridiculous lengths, for example in refusing to give press interviews independently, unless he had been briefed by Maxwell. It fell upon Blyth to show that the SDN was still under workers control, and to send prickly replies to the frequent press criticism of the current SDN hierarchy:

"The original grave mistake of Mr. Mackie and his supporters was to refuse Mr. Maxwell's advice on management matters when he offered it last spring. They decided that with the assistance of Mr. Tough they could do the job themselves. In this, as the weekly losses show, they were sadly wrong. Mr. Mackie and his supporters tried to get rid of Mr. Maxwell from the co-operative once they had his investment secured. But the vast majority of our workers have decided that such an act could not be condoned in a work co-operative What went wrong, and what the executive council and the workforce now realise, is that people like Mr. Mackie, who were good at getting the project started, but had no senior newspaper or publishing management experience are not necessarily the best people to run a multi-million-pound business providing employment for 500 people - especially when it is a project as complicated as a national newspaper." (Guardian, 18 September, 1975)

This was how the current orthodoxy in the Maxwell camp: that Mackie had been a useful person to have during the struggle to establish the paper, but that he was unsuitable to be the chairman of a commercial venture; as one spokesman put it :

"It is recognised by everyone that Mackie was the principal founder of the co-operative and newspaper - it was his enthusiasm and reputation which was the main support in the year of campaigning. It is recognised that 'Benn loaned the money to Allister Mackie rather than the SDN'. But it is thought that Mackie had lost his grip in a tight situation and prematurely given up, and was dragging the paper down with him, by submitting a report to the Minister which in effect proposed liquidation, without the prior

consultation, or the permission, of the Works Council members".

(An irony was that it was true that Mackie's personal reputation as a trade unionist and Labour councillor in Bathgate was extremely influential in persuading the government about the loan. And there was more to this still, as Charlie Armstrong explained, "Allister Mackie's mother was for a long time Lord Provost of Dundee, and so was his father, together they practically organized the Labour Party in the city for years. Allister was always in their shadow, which is one reason why he moved down here. When Harold Wilson first heard about the SDN proposal and Mackie, he said 'Oh, that's Annie Mackie's son !'. The Labour Party is even more nepotistic than business !" Thus ironically, since the state remained the only real possibility of securing substantial additional funds, the workers had cast aside their one real connection with the Labour Government, in favour of Maxwell whom the government was glad to keep at arms length).

The great consolation to Mackie, as he recovered in exile at home from the ordeal he had been through, was that the sympathy of the wider labour movement remained with his supporters, and antagonistic to the Maxwell takeover: "We're out, but at least we were right. We were right, and we've got the trade union movement behind us, otherwise we would be nothing." Realising that there remained work to be done at Albion Street Mackie bravely resolved to return:

"Mackie: I think I will go back.

Gibson: Back to work? But they won't even speak to you !

Mackie: Oh, they'll speak to me, they'll have to speak to me."

-One role which Mackie could resume, was as a union activist;

"The tragedy is that the co-operative was a success and we produced a successful newspaper. It wouldn't have been

possible under any other set-up. We performed our own miracles by hard work and dedication. During the pre-launch period, some of the men were doing a day's work, sleeping in the building, getting up in the morning and starting all over again. A 12-hour day was normal. Now, in their own interests, union chapels will have to adopt a policy against the management, which there was no need for before. We had a unique situation where management and unions, even the most militant members were working as one. The first harvest which will be reaped from the seeds which were sown this week will be one of confrontation. Traditional attitudes will come back - it's inevitable." (Scotsman, 17 September 1975).

The first positive indication of the validity of Mackie's prediction concerned the issue of the compulsory levy on the SDN workers wages. In the heat of the mass meeting, an overwhelming majority had voted in favour of the idea; but as the implications of the proposed means test dawned on people, resistance mounted. Strangely, the resistance was greatest from the NUJ who were among Maxwell's most devoted supporters. The NUJ chapel met immediately after the mass meeting to discuss the implication that anyone who refused to pay the levy would be hauled before a means testing body. It was unanimously agreed to reject any compulsory levy, but accept that anyone could invest on a purely voluntary basis. The NUJ chapel later passed this motion overwhelmingly, and the decision was communicated to Maxwell. The next day a document was circulated, by the night news editor, which stated that, "Those who feel they cannot contribute on hardship or on other grounds, will be given the opportunity to discuss their case with a special committee selected from the Federated Chapel and Works Council." John Hodgeman, who had

already resigned from the newspaper in protest, and was a committee member of the NUJ chapel, and previously Glasgow branch secretary, exploded in anger, and told the deputy editor that the paragraph relating to means testing would be reported not only to the NUJ branch, but to the national officials of the union: "Goldberg disappeared upstairs, and ten minutes later, the new chairman, Alister Blyth, came on the tannoy, and asked that the paragraph be deleted and ignored by the workforce."

The only real defences protecting the SDN workers now from a complete degeneration of their pay and conditions were the external trade union organizations, and those SDN union chapels, especially the AUEW and EEPTU, who remained distinctly unmesmerised by the promises of Maxwell. At a meeting on 22nd September Maxwell was confronted by all of the full time union officials who had members at Albion Street, as one explained:

"Maxwell had arranged the meeting 'to smooth over any problems'; but we were angered by the idea of a compulsory levy on our members wages. We demanded that the levy be voluntary not compulsory and he agreed. Maxwell accused Jimmy McNamara of attempting to sabotage the paper; and Alex Fairly, the AUEW official, told Maxwell not to insult his members in his presence, otherwise there would be trouble. Fairly adopted a very hard line and Maxwell understood. While Maxwell was out of the room looking for the Wolfe document to prove that it included a clause about liquidation, Alister Blyth was in the room on his own. We turned to him and asked, 'One day the paper needs £250,000, and the next day it doesn't. Which is it?' Blyth was lost without Maxwell, he didn't know what to say. He didn't say very much, and was noticeably relieved when Maxwell came back."

Maxwell At Large.

Having triumphed in the Works Council on the fourth floor of Albion Street, Maxwell could now turn his overbearing attention to the critical functions of the floor beneath - the editorial floor. Many journalists were already upset by the tannoy broadcasts they had endured, which they regarded as an ill-mannered and unwarranted intrusion upon their professional autonomy. Unaffected by such considerations, Maxwell became a frequent visitor to the editorial floor to offer helpful suggestions about editorial style and content. John Hodgeman, who was a sub-editor on the night shift, particularly resented this assistance: "Most nights when I worked on production of the newspaper Robert Maxwell would appear for five or ten minutes soon after the production of the first edition. He would examine it and make comments, and on at least one occasion when I disagreed with his interpretation of news value I offered him my seat, which he declined. This behaviour was not only unacceptable in a workers co-operative, but it would have been totally unacceptable in any ordinary trade union organized newspaper." Maxwell wanted significant changes in editorial orientation, but the abrupt and heavy-handed approach he made to this, in a memorandum circulated to the editorial staff, only served to provoke and distress the journalists.

" It is incumbent upon those of us who have a major responsibility in the management and content of the Scottish Daily News to give urgent consideration as to what steps must be taken in order to produce a newspaper which will be bought by more and more people and in sufficient quantity to attract advertisers in exactly the same way as our successful rivals do. The first priority as far as I am concerned, is therefore the identification of a target audience to whom our newspaper intends to serve, and to create a paper and adopt a formula

that will appeal to our audience. We must agree that we cannot be all things to all men. The paper must be consistent in personality, something that has not happened since its launch. The paper is probably too serious at present, both in content and presentation. Subbing is dull and quite often spoils good content The editor and senior editorial staff and all members of the editorial staff must be conscious at all times over the next few months that they should go for stories which can help advertising and circulation whenever they possibly can."

Proposals such as this were directed obviously towards producing a more commercial and popular newspaper, abandoning the SDN's previous editorial political principles. Most of the SDN journalists did not object to a change in editorial orientation, what they resented was the method by which this change was being imposed. Mackie bitterly commented, "The editorial, forever a weak part of the co-operative, were beginning to become aware of the disastrous course the co-operative had embarked upon when there was interference with the editorial content of the paper by Maxwell. It was one thing for him to undermine the Council's authority; it was another to attack the editorials!" Thus the commitment to professional independence proved stronger than the commitment to co-operative control.

A second matter which caused considerable disquiet in the days after Maxwell had assumed control, was the election of two replacement members of the Works Council. The proper procedure for this would be to have an AGM, though of course, this procedure already had been neglected. Now the idea of a democratic election was abandoned altogether, at least until the next AGM in six months time: the remaining Council members unilaterally decided that nominees could be put forward by the workforce if they could secure forty signatures in support - but the remaining members of the Council itself would select the new

members. (WCM, 19 September 1975). This effectively deprived the shopfloor workers of their right to elect members of the Council, and was a dismal sign of the disintegration of democracy in the enterprise. Originally there were eight nominations for the Council; four of these failed to collect the required signature. One of the four who gathered sufficient support was John Hodgeman, who withdrew his resignation when he realised he could stand: "I felt that as a Works Councillor I could effectively thwart Maxwell's plans to run the company. Only as a Councillor would I have an authoritative voice with the workforce. I got the 40 signatures with little trouble, for most of the workforce, though supporting Maxwell and disagreeing with my views, respected my right to hold them, and felt that I had not only been an honest and consistent opponent of Maxwells, but because I had given up so much in the material sense in joining the co-operative, that I was still working for its good But the following day I received a letter from the editor, Fred Sillito, informing me that he had been instructed by Robert Maxwell not to allow me to withdraw my earlier resignation notice and that I would have to go". Another of the candidates was Charlie Slater of APEX, an elderly but principled man who felt he had little to lose in standing up to Maxwell. The EEPTU FOC, Bob McKay rallied support for Slater, "I organized a petition round the building in support of Charlie from the APEX chapel, because I knew his heart was in the right place. I got 112 names, which was a lot more than anyone else had. I put the petition in for the Council to consider, but it was ignored." At the following Council meeting, Dorothy Grace-Elder of the NUJ was elected by the Council members unanimously, and when there was a tie for the second position between Charlie Slater and Tommy Clarke of NATSOPA, Clarke was elected by the casting vote of the chairman, Blyth.

The immediate task of the new Council was to attempt to reduce the

losses of the newspaper, and to quickly find the considerable injection of funds necessary to survive the winter. Before any productive effort in this direction could be attempted, a crisis occurred which induced a terminal deterioration in the finances of the SDN. The Beaverbrook management carried out the legal action they had threatened, and secured a writ to seize the account of the SDN at the Bank of Scotland, up to the sum of £59,680, which they insisted was owing to them. Robert Maxwell's reaction to this disaster compounded the problem immeasurably: in a manner reminiscent of the press barons of the early twentieth century, the whole of the front page of the Scottish Daily News on 20 September 1975 was devoted to the story in bold headlines, with a picture of Robert Maxwell, and the telex he had sent to Sir Max Aitken, the Chairman of Beaverbrook, reproduced in heavy type:

"Beaverbrook Raid On News Cash"

"..... If two companies have a commercial dispute, there is a civilised way of dealing with matters. I am sorry that Beaverbrook have decided to behave in the most uncivilised manner by arresting the Scottish Daily News' bank account, thus attempting to make it impossible for us to operate normally and causing the maximum amount of damage and inconvenience to our business. This is in spite of the fact that I offered to Jocelyn Stevens (Deputy Chairman of Beaverbrook Newspapers) to deposit the disputed VAT monies into a joint account, and the fact that he knows that the Scottish Daily News is solvent and has the cash to meet all bills as they fall due.

On behalf of the 500 workers who are members of this co-operative and their families I can tell you that this

action fills them with disgust, and we and all the people of Scotland see in your action the unacceptable face of the men who run the Daily Express."

If this alone was not sufficient to destroy the reputation of the SDN, underneath the story were more bold headlines: "It's A Bloody Disgrace", which repeated the same story in even stronger language. The belief of many people that Maxwell wanted to use the newspaper as a personal vehicle was dramatically endorsed. But more seriously, an event which could have been played down as a legal manoeuvre, (other newspapers did not give it much prominence), was massively publicised, and effectively ruined the last vestiges of the financial credibility of the SDN: "Overnight, credit facilities dried up, bills had to be paid on the spot and the accounts department was swamped with invoices from creditors scenting extinction. Reporters no longer had credit lines for taxis, petrol for the two editorial cars had to be bought with cash and reclaimed, and photographic supplies were only to be obtained cash on the nail." (McKay and Barr, 1976, p 142). If the 20 September issue of the SDN was the consummation of Maxwell's relationship with the newspaper - with such a melodramatic account of a dispute he had dragged the organisation into - it was achieved at a very heavy cost. Retaliatory accusations did little to help, "The money by law belongs to the SDN and the Express are trying to get it by subterfuge. They would like to do anything to close down this paper because they have first option on the building and because they need the circulation in Scotland. They have a direct incentive to destroy this company." (Observer, 21 September 1975).

Perhaps encouraged by his venture onto the front page the previous Saturday, a few days later a new, unprecedented, column appeared in the Daily News: "Maxwell at Large". The article was lively, amusingly written, and touched on many matters, but sandwiched in between somewhat

incredible assertions that Scotland was "a potential land of milk and honey", and demands that Scotland wake up to the "idea of holding the Olympic Games in Glasgow," was an amazing explanation of why Maxwell had become involved in the SDN:

"They don't believe me when I tell them it's for an ideal - that ideal, very simply, is to end conflict at work. Work should be enjoyable, satisfying. It should be fair. It should be secure. For too long the working situation has been split between boss and worker. Between them and us. A workers co-operative is a way of ending this sterile struggle.

It's a crazy; grim game for most people. A game of cut and thrust, of grasp and grab, often putting Rollerball in the shade. Particularly when companies they work for are controlled in England and America. Am I so crazy in wanting to transform work from being a daily tortuous battleground to being one of the most satisfying elements in our existence?" (24 September 1975).

The sub-headline of the article confidently commented that it would be, "A though provoking column that will appear occasionally in the Scottish Daily News." The Daily News NUJ chapel was incensed at what they thought was a flagrant abuse of the NUJ rule prohibiting regular articles from non-specialist writers who were not members of the union, and instructed the editor not to print any more of these articles. There was not time to discover whether this instruction was enforceable, but James Russell, the financial journalist, was highly sceptical:

"Newspapers attract idiots ... and power megalomaniacs ... There is nothing to stop Robert Maxwell writing ten pages of this rubbish if he wants to now. There is no-one to

oppose him. Maxwell can take any amount of abuse - it's action that will shift him. The article reveals the extent of Maxwell's political ambitions in Scotland: the prospects of North Sea oil, the chance of holding the Olympics, and the attraction of American capital."

Yet complete control somehow eluded Maxwell as important pockets of resistance still existed in the few remaining militant FOCs and chapels. Trade unionism generally at the SDN had been progressively eroded under the strains of the co-operative, to the extent that when the full-time officer of the Scottish Graphical Association pleaded with his members to prevent Maxwell taking over, their response was to threaten to resign from the union and create a non-union shop. But others were determined to continue the fight against Maxwell through the trade union organizations, both inside and outside the SDN. Jimmy Crossan, the Imperial Father of the Federated Chapel, freely gave press statements highly critical of the recent developments, which infuriated Maxwell. At the Council meeting of 19 September, "Mr Maxwell wished to express his disgust and abhorrence at Mr Crossan speaking to the Daily Telegraph". Maxwell accused Crossan of "speaking to the capitalist press", though of course he displayed no reluctance in doing this himself. Alister Blyth added that "the press in fact have every handout which he had issued as private and confidential to the staff. Mr. J. Milne (the General Secretary of the STUC) also stated that the press were too knowledgeable with regard to certain matters." At a later Council meeting Crossan was banned from speaking to the press. (It would be difficult to imagine any union convenor acceding to being muzzled by directoral management this way elsewhere). The Federated Chapel supported the stand of the Imperial Father. A month before Maxwell had warned the Federated Chapel that he would disregard any of their instructions if he felt they were

not in the best interests of the co-operative; and it seemed likely that sooner rather than later, he would have a serious collision with the unions at Albion Street. (McKay and Barr, 1976,p.12). As always, Maxwell's immediate solution was to attempt to get rid of the FOCs who opposed him, these "irresponsible people" as he described them to the workforce, without whom everything would be alright. The galling thing for Maxwell was that the AUEW, which was the centre of resistance where Jimmy McNamara and Jimmy Crossan were based, had the power to stop the paper if they thought the deterioration in the co-operative was irredeemable.

Though, one by one, Maxwell had destroyed his opponents at the SDN, and at the meeting of 15 September finally eliminated all effective opposition in the Works Council with the resignation of Mackie, Russell and Wolfe; yet he still had the rearguard action of militant members of the Federated Chapel to contend with, who could close the Scottish Daily News if he pushed too far. The SDN was on its financial knees, beyond any recovery except by the immediate application of the policy of Wolfe, which Maxwell had discredited and delayed; or an immediate contribution of considerable capital which Maxwell was unable or unwilling to arrange. Moreover, within a few days the crescendo of critical press coverage of his takeover at the SDN reached a climax with an astonishing two page investigative article in the Sunday Times on 21 September 1975.

How Maxwell Sabotaged The Workers' Dream.

It was a classic irony that under the banner headlines "How Maxwell Sabotaged the Workers' Dream", the Scottish Daily News itself should be the subject of the kind of crusading journalism that it had promised but never been able to deliver. The graphic report focussed upon the perplexing paradox of how a man judged by DTI inspectors to be

"not a person who could be relied on to exercise proper stewardship of a publicly quoted company", could assume control of a workers co-operative, funded through the DTI by 1.2 million pounds of public money, ostensibly because it was a "social experiment". In a brilliant display of journalistic ability, Ian Jack, Phillip Knightly and James Fox began:

"Robert Maxwell having cut a unique swathe through British capitalism, has now succeeded in turning the latest manifestation of British socialism - the workers control movement - into an instrument of his own ambitions The result so far of the five month career of the Scottish Daily News is that for an outlay so far of £114,000 - his own stake in the co-op - Maxwell has gained control of physical assets worth about £2 million, and of a business into which has been sunk an interest-free Government loan of £1.2 million as well as a large unsecured loan from Beaverbrook, former owners of the plant, and £200,000 in workers contributions....."

The article then launched into a shattering resume of Maxwell's business career, compiled from the DTI reports and the investigations over a decade of the Sunday Times itself, including the collapse of Simpkin Marshall; the dubious accounts of Pergamon Press; and the failure of Maxwell to win control of bigger corporate assets in the News of the World takeover bid, and ILSC and the Leasco saga. The final part of the article concentrated on why Tony Benn, in view of his own department's report, allowed Maxwell's participation in the co-operative, and concluded sympathetically: "His decision was understandable. He had already taken a lot of criticism for having backed the co-operative in the face of formal advice not to do so. Nevertheless it was for the lack of that last £114,000 that the dream of the co-operative was sacrificed."

A leading editorial comment on the SDN affair which was described as "a scandal and a tragedy", returned to the question of public

investment and responsibility more critically:

"Mr Tony Benn, the then Secretary for Industry, could have given the co-operative the last £114,000 from public funds. If the experiment was worth attempting at all, that would have been a small price to pay for keeping Mr Maxwell out of it The Government, moreover, seems to have assumed only the most trivial and ineffective watchdog role over the development of the Scottish Daily News. With Mr Maxwell moving smartly into the driving seat, the whole enterprise has been an exercise in what socialists often attacked the Tories for doing: spending public money without securing public control

No one doubts the energy with which Mr Maxwell plays the role of chief executive. But, equally, his presence meant that the co-operative never had a chance. Whether he should be allowed to control a newspaper funded largely with public money, in the name of a social experiment which is now a fiction, is a question of some importance which the government cannot evade."

This powerful article must have dispelled any lingering illusions of the public or government about the SDN. But though the report was circulated widely in Albion Street, the workers there were too dazed to be shocked further, and some responded with the somewhat surprising cynicism, considering the context, "You don't believe what you read in the papers do you?" Others reflected, "The Sunday Times said things about Maxwell we knew already. He's only as bad as others in newspaper management, industry, and government !" Ronnie Gibson despaired at this negative attitude to the exposure, "Some of the journalists refused to read the Sunday Times article, they have just buried their heads in the sand. One day in the dole queue, they will scratch their heads and say, 'What the hell happened?'".

Robert Maxwell's reaction to the piece was more predictable, for him it was a "balls" article, by a "balls" newspaper, which had been carrying on a personal vendetta against him for years, and anyway had a vested interest in the rival publication The Scotsman, a newspaper which published his comment that the Sunday Times article was "an onslaught as incomprehensible as it is unfair." (22 September 1975). As usual in these instances, Maxwell began legal proceedings against the newspaper, alleging that in the article some of the more condemnatory accusations and more colourful descriptions of his business practices, (not mentioned here), were "grossly defamatory." Normally after a respectable period of years had elapsed, Maxwell would quietly drop such legal action rather than face the cost of proceeding to court. In this case, four years later, in October 1979 there was a nominal two sentence statement in court, both sides paid their own costs, there were no damages awarded, and the Sunday Times article was in effect totally vindicated.

Other newspapers reported the details of the Sunday Times accusations against Maxwell, and the Financial Times took up the theme of the government's responsibility in the SDN affair:

"The Government's dilemma is that it is concerned about maintaining the jobs of 500 former Beaverbrook workers in Scotland, but at the same time it has serious reservations about the fundamental change in character of the project from an experimental co-operative to an enterprise which has come under the increasingly vigorous personal control of Mr Maxwell, who has a £114,000 stake in it". (22 September 1975). Endeavouring to rebut the growing onslaught of criticism, a series of press statements were issued from Albion Street. A statement from Robert Maxwell once again attempted to associate the success of the relaunch with his arrival back at the SDN; and insisted that it was

'blatantly untrue' that the Scottish Office, entertained any reservations about the project because of his own close involvement in its management. In another statement Alister Blyth maintained "The unanimous opinion of the Executive Council is that the SDN remains as it always has been a workers' co-operative in which the Executive Council and in the first analysis the workforce has the final say in all major policy decisions affecting the company.

Mr. Maxwell is the company's elected chief executive and is responsible for its day-to-day management and answerable to the Executive Council". (Guardian, Scotsman, 22 September 1975).

In fact, on the isolated occasions when this question was briefly considered in what remained of the Works Council, the following, scarcely reassuring comments were offered:

"Mr. J. Milne pointed out that we would had a hard job convincing other trade union General Secretaries that they should invest money. However, Mr. R. Maxwell said that he would probably get money from the NUR, but that we must first of all kill this notion that we are no longer a workers' co-operative. Mr. J. Milne expressed the view that this would be no problem." (WCM, 19 September 1975).

"Before proceeding with normal business, Mr Blyth (with all the recent adverse publicity in mind) asked the meeting to express their confidence that this company was, in fact, still a co-operative, in the true sense of the word. Mr. Bargh was the only director who spoke on this issue. He stated that he felt that the 'ideal' was diminishing but the fact that he was present proved he still believed in the co-operative". (WCM, 26 September 1975).

The urgency of the need to convince the outside world that the

SDN was still a co-operative, was due to the simultaneous effort to raise further capital. Maxwell and Blyth were emphatic that, "There is no truth in the rumour that we are seeking extra cash from the Government". What this meant in practice was that, as in the Wolfe plan, they wanted the government to waive part of the security it held on the Albion Street building, so it could then be used as collateral in an attempt to raise a minimum of £250,000 from normal commercial sources. Maxwell again denied the company was facing a cash crisis: "We are meeting all our bills as they fall due and have a high six figure balance with which to sustain the paper through its early operational losses.....We are taking prudent steps to see us through the next six-month period of revenue uncertainty. We may never need the money." (Financial Times, 23 September 1975). Maxwell expected to receive a satisfactory reply from the Scottish Office "very soon"; though clearly the bad publicity surrounding his role in the enterprise sharply reduced the chances of a sympathetic response. (The Scottish Office were somewhat surprised at Maxwell's optimism since no formal proposal, as yet, had been received.)

Meanwhile there occurred a series of rapid financial manoeuvres in the attempt to save the fading life of the newspaper. Firstly, Maxwell sacked the auditors of the SDN, the firm of French and Cowan in which Professor Briston was a partner. They were replaced by Coopers Lybrand, "who are vital to the future of the Company; this has been cleared with the Board of Trade. Coopers have also agreed to take it on. I believe that their name on any piece of paper is worth a great deal for the future of this enterprise. They also work a great deal for the government and the Department of Trade and Industry are delighted with this change." (WCM, 19 September 1975). (Maxwell could also have mentioned that Coopers Lybrand were the accountants of Pergamon Press). Announcing the change "Mr Maxwell said that the change in auditors was no reflection on French and Cowan but the

executive had decided that auditors with an international standing were required". Professor Briston who was still financial adviser to the SDN, was angered that he had been asked not to attend the Council meeting which had asked for the resignation of the auditors, and added, "I feel in the circumstances I will have to think what my commitment is to the shareholders in the company." Later, Briston considered remaining with the SDN "assuming we can come to some arrangement on the future of the newspaper, which suits the paper and not just Mr Maxwell." (Scotsman, 24 September 1975). Perhaps finding this impossible, Professor Briston resigned as financial adviser to the SDN on 27 September 1975. A second manoeuvre was to appoint both the Clydesdale Bank and the National Westminster Bank as bankers for the company in addition to the Bank of Scotland. (As every impoverished student knows, a multiplicity of bank accounts is often part of an attempt to stave off imminent bankruptcy, rather than an indication of great riches). A final change was that, with the resignation of Rankin Durnin as financial controller, James Roy, the production manager, was "appointed Secretary of the Company for the time being". (WCM, 25 September 1975). (my emphasis). This was certainly a critical period for the SDN, but this was not sufficient excuse to hold Council meetings, at which important decisions were taken, almost on an impromptu basis at the end of September. Inevitably, if not deliberately, they were poorly attended - only four out of the seven remaining Councillors being present at the meetings on the afternoon 19 September, and on the 25 September. Council meetings previously were always well attended, except in the brief period at the beginning of August, when, temporarily, Maxwell and Blyth also had assumed control.

At the end of an extremely busy week Robert Maxwell and Alister Blyth successfully secured a reply in the Sunday Times, which appeared, briefly, at least, to stem the escalating controversy over the newspaper. On the front page, Maxwell made the startling announcement that he

intended to resign as the SDN's chief executive at the end of October, because of pressing business interests elsewhere, though he would remain a member of the paper's executive committee. "All I am doing now is fulfilling a request from 500 people to save their jobs" he told a London press conference. The Sunday Times and other newspapers had done "immense damage" to the SDN. "The attempt to assassinate us has partially succeeded. There has been a run on credit, they have made our negotiations for extra capital much more difficult. They have truly put at risk one of the noblest experiments in British democracy." Mr Maxwell said that the "great and mighty establishment" was against the Scottish Daily News survival". (28 September 1975). In the letters page of the newspaper was a long and laudatory account, signed by Blyth and Sillito, of how Maxwell "a successful socialist businessman", had rescued the co-operative: "Without Mr Maxwell's money, drive and advice, plus the dedication of our workforce, it could never have got off the ground." The account contained numerous distortions favourable towards Robert Maxwell, but the most blatant one was that, "The decision of the Executive Council to grant Mr Maxwell executive powers early last month was unanimous; Mr Allister Mackie was in the chair." In fact, although the assumption of executive powers by Mr Maxwell was discussed at the 1 August Council meeting, Mackie, Russell and Tough were adamantly opposed, and no specific powers were defined. At the meeting on 6 August when Maxwell was installed with general executive powers in circulation and advertising, Blyth was in the chair, and Tough resigned in protest. Furthermore, the letter argued, "Robert Maxwell is not self-styled chief executive of the Daily News. He is the elected chief executive of the paper ... At a recent meeting of the Executive Council, under a new chairman, Mr Maxwell was unanimously elected as chief executive." But Maxwell began publicly using the appellation 'chief executive' on 20 August, and it was not until the

19 September Council, almost as an afterthought, that "Mr. A. Blyth proposed the formal appointment of Mr Robert Maxwell as chief executive until such time as a general manager was received". (sic) Great play was made of the point that "on assuming executive powers he instructed PA management to start looking for a full-time professional chief executive with newspaper experience," without acknowledging the fact that in assuming executive powers Robert Maxwell displaced Eric Tough, who was the finest professional PA management consultant with extensive newspaper experience that the SDN could ever hope to obtain.

(This article, which was sent by telex, provoked another rebellion on the SDN editorial floor, when it was learned that Robert Maxwell had added a paragraph to the telex, as Denny McGee, the assistant editor, explained, "without consultation with the editor under whose name the article was appearing". Sillito asked McGee to have the paragraph removed, but when he contacted Maxwell at a London press conference, "Mr Maxwell came to the phone and insultingly told me not to behave like a child. I consider this gross impudence, especially coming from a man who in the first instance was guilty of a serious indiscretion in the wording of the communication to one editor purporting to come from the editor of the Scottish Daily News. The really important aspect of this whole matter is, however, the increasing trend by Mr Maxwell to influence the editorial content of this newspaper and in this instance to assume he has the authority to speak on its behalf." (McKay and Barr, 1976, p 145).

The Sunday Times editorial was unmoved. That Robert Maxwell was appointed to the role of chief executive, and did not seize it "was not our main point":

"We believed, and still believe, that his powerful presence in Glasgow is against their interests, and inimical to the future existence of a 'workers' co-operative. The paper

is a professional job, with a lot of vigour and variety, and clearly retains the professional commitment of a dedicated body of journalists and printers. Whether it succeeds or fails - and we certainly hope it succeeds - the question will be: was this the result of workers' control or tycoon's control? The Government, not least, as subscriber of £1.2 million of taxpayer's money must now ask what, precisely, it is financing."

As part of the unconvincing exercise to prove the co-operative was still functioning, Maxwell was finally awarded a contract of employment and employee shares in the SDN on 26 September. The Sunday Times arguments rendered such gestures virtually meaningless. A more dramatic act was necessary. Denying that it had anything to do with the impending appeal to the government for further support, Maxwell suddenly resigned from the posts of chief executive and director, which he had sought so ruthlessly, and abandoned the bemused workers in Albion Street on 3 October. That day a prolonged, but emotionally exhausted, mass meeting passed a desultory vote of confidence in Maxwell and asked him to stay. Maxwell attacked his old opponents on the Council, and condemned the Sunday Times articles as damaging to both the newspaper and the co-operative. In a good speech from the floor, Mackie replied that the Sunday Times pieces were only damaging if you equated Maxwell with the co-operative, and insisted that Maxwell's approach was incompatible with the functioning of any committee. Maxwell accused some of the FOCs being "enemies of the co-operative", whereupon an FOC retorted that Maxwell was simply attacking the trade union movement. Maxwell proclaimed that "I never leave in the middle of a battle", and yet was apparently leaving, without properly explaining his reasons why. Detailed explanation was not demanded, because no one in the SDN actually thought that Maxwell was going for good. It was

widely believed that he was withdrawing to Oxford to allow the appeal to the government to take place without his formal involvement, and if successful, he would be recalled. (McKay and Barr, 1976, pp 145-6). Though at a distance, Maxwell's influence remained, "Blyth, time and again, refused at mass meetings not to contact Maxwell. It was evident that the tactics of the leaders were to raise the extra finance, then to invite Maxwell back". (Mackie, 1976,p.140).

Keith Bradley, who was well informed, provided a sober assessment of Maxwell's action:

"Maxwell cannot manage the Pergamon business and the SDN indefinitely. Travel is difficult as he does not live near London Airport and Pergamon is in Oxford. He is really making a hole in his pocket, and he is only a millionaire on paper. He is not rich like Hugh Fraser ... Most press barons were never very rich or powerful men compared to some multi-millionaire capitalists, even Beaverbrook at the height of his prestige during the war was not that powerful. Newspapers provide a sense of power rather than the reality."

As he was leaving, Robert Maxwell was asked if he had been embittered by his experiences at the SDN and stoutly replied, "I certainly felt very upset by the way I've been attacked, in particular about being called a Fascist ... I fought against Hitler, was wounded several times - I mean like millions of other people. I did my bit during the war. But to couple this, the bulk of my family were annihilated by the Nazis and the last thing you can throw at a person like myself is the epithet of being a Fascist." (McKay and Barr, 1976,p.146).

Maxwell was not a fascist, but equally, was a rather strange adherent to the doctrine of socialism which he formally espoused: his aggressive

corporate ambitions far exceeded what was tolerable even in the Wilson years of the Labour Governments' infatuated embrace of private enterprise. Maxwell's occasional references to "the establishment," particularly when annoyed at the opposition to his plans of powerful political or corporate interests, were not based on the political philosophy of the anti-establishment radical, but the pique of a nouveau riche distressed at his continued exclusion from the establishment despite his determined attempts to gain entry. The political approach Maxwell revealed at the SDN was fundamentally that of a populist with labourist overtones, though some of the tactics he adopted bear more than a superficial resemblance to Fascist traits, which have been outlined by Alan Bullock in "The Fontana Dictionary of Modern Thought: a distaste for liberalism and democracy, with a preference for the authoritarianism of a single leader with charismatic qualities and dictatorial powers; a cult of action designed to seize power; a heavy reliance on mass propaganda and fear; and once in power the liquidation of rivals without regard for the law. (1977, p.228). To this may be added more particularly, the attachment of blame for all problems experienced to a small, isolatable, group of people, the removal of whom would lead to an immediate and general improvement; and the berating of the mass of workers with emotional and simplistic slogans, the exercise of which would solve all problems.

It could be argued that many of these characteristics are commonplace in the attitudes and practices of executives and politicians in the leading positions in many contemporary British institutions: rather than undermining the argument that these are intrinsically fascist methods, this simply indicates the extent to which such methods do permeate advanced capitalism, and remain all the stronger for being largely unconscious and unquestioned. Though Robert Maxwell's methods were extreme, they were not unique. Often he simply expansively revealed orientations which other powerful people share, but prefer

to keep carefully concealed. In many respects such methods are merely a harsh extension of the tradition which Alan Fox has identified as dominant in management.

" The subscriber to the unitary ideology will tend to define transgressors as aberrants. His own conviction of the rightness of management rule and the norms issuing from it may create difficulty for him, not simply in acknowledging the legitimacy of challenges to it, but even in fully grasping that such challenges may at least be grounded in legitimacy for those who mount them. Surely the transgressors must know in their hearts that they are doing wrong, behaving foolishly, defying proper authority, hurting others needlessly, acting perversely or maliciously? Along with a liberal use of 'team' or 'family' metaphors inspired by this presumed unity is apt to go a strong belief that in a properly ordered world managerial prerogative could always be enforced against the few malcontents by means of coercive power if necessary. The greater the tendency to see the 'true' nature of industrial enterprise as unitary, and to see any challenge to managerial rule as of doubtful legitimacy, the greater the disposition to view the enforcement of prerogative by coercive powers as desirable and justified. The time-consuming and patience-straining process of 'winning consent' through consultation and negotiation may appear not only burdensome in practice, but even pusillanimous in principle." (1973, pp 189,187).

Hence many workers at Albion Street accepted Maxwell's domination, because that was the form of authority to which they were accustomed under the old Beaverbrook regime. In fact Robert Maxwell shared many of the attributes and aspirations of his illustrious predecessor as chief executive, Lord Beaverbrook, who was also an acquisitive and

highly energetic entrepreneur, an ambitious populist politician, and an egocentric crusading press proprietor. Even A.J.P. Taylor in his hagiographic biography acknowledged Beaverbrook was a very domineering and obsessive character:

"He had to be the boss, issuing orders without respect for protocol or the rights of others. When this position was denied him, he relapsed into impotent rage and threats of resignation.....The Ministry of Information, coming on top of his Canadian work, had given him an insatiable appetite for publicity and propaganda." (1974, pp 212-3).

Rejecting the more damning criticisms of Beaverbrook's belligerent preoccupations and personal aggrandizement contained in Tom Driberg's study Beaverbrook: A Study in Power and Frustration (1956), Taylor disarmingly insisted, "Beaverbrook was not interested in power except in the sense of being able to ensure that his orders were carried out." (1974, p 787).

Closure

After Robert Maxwell's departure, the newspaper became obsessed with its own tragedy, and the image created by a dignified birth was shattered by a pathetic decline. The delaying tactics Maxwell had adopted made aid from the government or elsewhere less likely, and the opinion of many observers was that there was nothing left to save. The government, in the terms of the loan offered to the SDN, had carefully prepared a position of neutrality in the event of the failure of the newspaper, and the scandal and conflict accompanying Maxwell's involvement encouraged it to adamantly adhere to this policy. Unimpressed by suggestions for modifying the SDN into a 24 hour newspaper, thereby capturing evening sales, Bruce Millan at the Scottish Office refused the repeated impassioned requests to change the terms of the original loan. On the day of the final refusal, James Hamilton,

an SDN shareholder and the Labour MP for Rothwell, announced on local radio that he had seen the accounts of the SDN, and that it would be "criminal" of the government to put anymore money into it: "I don't think there is any possible chance of survival at all. The information I have got tonight is that as far as they are concerned, they don't have next week's wages." A claim which was categorically denied by Nathan Goldberg, who had assumed the doubtful honour of editor and chief spokesman of the doomed newspaper. (Guardian, 18 October 1975).

Goldberg and Blyth continued to project a brave but empty optimism, which could not pay creditors. Finally a mass meeting on 20 October, at which some workers anticipated details of a last minute rescue would be announced, was instead informed of the appointment of a provisional liquidator. James Whitton of Coopers Lybrand would take over the running of the newspaper from the Council, seek to raise fresh capital, and if this failed, sell off the assets to pay creditors. "They were magnificent in the way they took it", Nathan Goldberg said of the stunned workforce. Ronnie Gibson provided a more caustic assessment: "If they had taken these measures six weeks ago when Mackie wanted to, they could have succeeded. We would have been a lot stronger financially and in morale. Mackie saw this happening six weeks before the others - that we needed to take drastic action. But the workforce sacked him, and replaced him with Maxwell who told them we had a six figure bank balance."

Harold Wilson agreed to meet a delegation from the SDN at 10 Downing Street, though simply to explain the reasons for the government's refusal of further aid. An impressive array of six ministers met the SDN people, though it was clear that the most significant member of the delegation was the provisional liquidator. In the best tradition of brown ale and sandwiches, the SDN team left the Prime Minister buoyed by their distinguished reception but empty handed. "The

Government think it's a damned good paper", Alister Blyth proclaimed. More to the point, Wilson announced in the Commons that the liquidator's report was awaited by both the creditors and the government. The liquidator approached 17 possible purchasers, including most national newspaper publishers, the TUC, the Scottish TUC, and the co-operative movement. He admitted that only "a massive injection of money or a real honest-to-God offer to buy" could sustain the paper for more than another few days,

Only Robert Maxwell confirmed an interest in buying the premises and plant, though there was no chance of him taking over the SDN as a going concern, since this would involve him assuming responsibility for the £1.95 million of loans outstanding to the government and Beaverbrook, together with whatever debts were owed to other creditors. Maxwell's telexed offer was "subject to contract and subject to being able to reach satisfactory agreement with the executive council of Scottish News Enterprises, including the respective trade unions on behalf of the workforce, as to my future plans for its utilization." However James Whitton was unable to quantify the offer since Maxwell had left for the continent. (Financial Times; Guardian; 29 October 1975).

Two days later it transpired that the offer was worth between £500,000 and £750,000 for the plant and premises bought from Beaverbrook six months before for £1.6 million; and Whitton dismissed this as an unacceptable opening bid. The prospect of acquiring a valuable property quite cheaply by now had aroused other interest which enabled Whitton to grant one week's stay of execution on the newspaper's life, that also served to allow the SDN workers to earn the six months' insurance stamps necessary for earnings-related benefits. Whitton commented, "I am trying to keep the paper going and resuscitate the co-operative. If I cannot do so I will try to find a buyer to keep the paper going during the transition from co-operative management to a traditional form of newspaper." He made it clear that anyone buying the building and

plant to set up a new paper would have to renegotiate the whole of the wage structure and manning levels agreed with the Scottish Daily News. (Guardian, 1 November 1975).

A rally in Glasgow on the Saturday of the final week of publication was addressed by a motley assembly of Scottish politicians and personalities ranging from Jimmy Reid to Teddy Taylor, with representatives of all the political parties, though rather than an indication of the breadth of support for the Scottish Daily News, this was another confirmation of its complete lack of identity. Most of the crowd were from the SDN itself, and the mood of despair was stronger than hope. The end came quickly, the following Thursday when the provisional liquidator announced that unless "something extraordinary emerged" in the next two days the Scottish Daily News would cease publication on Saturday 8 November. James Whitton's verdict of capital punishment was greeted by the workers with a curious respect for the logic and the instrument of their end. Later the liquidator expressed his condolences; "They are the salt of the earth"; he said. "It is a rotten thing to have to do but I had no alternative.... It was not a difficult decision but it was one of the most sad decisions." (Guardian 7 November 1975). Now the uncertainty was removed, many of the SDN workers responded with the abandon of condemned men, as one admitted, "It was an evening for drinking, whether celebration or despondency, depending on what side you took."

The depressing and certain prospect of a return to the dole queue, was not relieved by the faint hope of launching a new evening newspaper Robert Maxwell had planted on the horizon in a final lengthy telex, which was presented to the mass meeting. Maxwell had from the beginning wanted to compete with the Glasgow evening newspaper monopoly which Sir Hugh Fraser had paid Beaverbrook £2.75 million pounds to create in buying the Evening Citizen title. Any viability the proposal possessed though, was seriously undermined by the detailed suggestions

which showed that the problems of the recent past would recur once again. Agreement was dependent upon acceptance of the print unions of manning levels and wage scales for an eventual 24 hour newspaper, which they had already rejected. In reiterating condemnation of the SDN Council and management in the telex it was obvious that any new management would have the problem of operating under Maxwell's domination; and the concession of worker participation, in view of the developments at the SDN was not very convincing: "The new company to run the evening paper would be a limited liability company owned by one of my family companies (not Pergamon Press). I envisage it to be a worker participation enterprise incorporating a profit sharing scheme, with half of the 12 member board of directors being elected by the workforce."

A gesture the workers unanimously agreed upon however, was to occupy the Albion Street premises a second time, which would strengthen Maxwell's request for the building and plant to be sold together. In a last heroic press statement Nathan Goldberg declared: "We will occupy the building with a view to establishing the right to work; preventing any asset-stripper moving in to break up the property and sell it off in bits and pieces; to retain the co-operative: resuscitate the newspaper and save the jobs. We will stay here till hell freezes over", (Financial Times, 7 November 1975). This rhetoric spilled onto the front of the Scottish Daily News on 7 November where the whole of the page was devoted to an emotional and unrestrained shout of defiance;

"SORRY, BUT WE REFUSE TO DIE"

This was the clear unequivocal message yesterday from the 500 men and women who work for this newspaper. .. For too long workers have been treated like the brick and mortar which surround them, like assets or liabilities which can be stripped at will. Well, to all would-be undertakers we say this - neither our bodies nor souls are at your disposal.

Asset strippers be warned; you will not murder our chances of the Right to Work in producing a newspaper worthy of this nation. We have not fought so long and so hard for the rats to emerge from their sewers to nibble away at our innards. Our responsibility is to our families, the dignity of our fellow workers and the people of Scotland. If anyone wishes to take over the building and plant they must be prepared to save as many jobs as possible and carry on the tradition of the Scottish Daily News in producing a newspaper worthy of the nation."

With writing as poor as this, readers could be forgiven finding it something of a relief that the newspaper was finished. The final edition restored a little dignity. The headline story, "Prisoners of the Ghetto", was an exposé of a virtual police state which existed in Barrowfield, one of the poorest Glasgow housing districts, where a ten o'clock curfew was effectively imposed, and residents were threatened with arrest who stepped out of their doors: "They have made this area the dustbin of the world. Now the police are trying to put the lid on it", a community worker commented. The impact of the story was only slightly weakened by a photograph of three women residents with beaming smiles on their faces. Under the single column headline "Our pride, our hope, our thanks", the last editorial comment touchingly said, "It was not to be. The Scottish Daily News as we have known and cherished it dies this morning. Six months was our life span. Made of the stuff of dreams and idealism perhaps. There was also the

reality, mostly painful but mixed with the sweet purity of doing something that was worthwhile..... And let no one detract from the value of the co-operative system. It is not only workable but necessary for the lifestyle of people at work. The proof is in the miracles our 500 men and women have achieved despite the opposition and adversity. That is the beautiful experience which will remain in all our hearts and no one can take it away from us" (8 November, 1975)

As the soul of the SDN flew out of the great steel and glass building in Albion Street, and the last reels of newsprint were run to their ends to print the final edition, the reaction of other newspapers was to scramble for the SDN's readers, "For the News get the Express", a Scottish Daily Express poster campaign declared. Ominously, the Scotsman, Edinburgh Evening News, Glasgow Herald and Evening Times on the day of the SDN ceased publication, all announced plans for re-equipment and redundancies. The 1,000 workers at Scotsman Publications in Edinburgh were told of plans for capital expenditure in new production technologies the proprietors insisted were necessary to halt the group's profit decline. Union representatives were told that the company's parent group, Thomson Regional Newspapers had agreed to allocate sufficient funds to extend the Edinburgh newspapers existing computer setting systems with computer controlled photo-composition systems. David Snedden, managing director said that, "Profits had increased steadily for 10 years to 1973 but had declined since. Moreover, there had been a long term and serious fall in the value of the newspaper's profits because of sharply rising costs. This was jeopardising the survival of the company and had to be checked. The new equipment would give the newspapers increased capacity but would require fewer people." The same day William Forgie, managing director of Outram, the subsidiary of Sir Hugh Fraser's Scottish and Universal Investment Trust which published the Glasgow Herald, said that the company was

examining re-equipment of its printing premises in Mitchell Street, Glasgow, and also mentioned that although they were not interested in the ancient plant at Albion Street, "we might have a look at the building alone". (Financial Times, 7 November 1975).

The national newspapers that had plans for new technology and substantial redundancies were not slow to reassert their proposals in the context of the collapse of the SDN, which briefly had presented an alternative path that print workers could follow. A number of national newspapers pressed for the adoption of production re-organization schemes, but the most dramatic was that at the Financial Times, which the newspaper presented under the deceptive headline, "FT Radical Retraining Plan". What this amounted to in practice was a drastic 40% staff cut from 1,329 to 796, though the FT management had devised an ingenious way of securing union consent to such a severe intention: "The management has suggested to the printing unions that every employee who loses his job because of the company's new technology plans should undergo a retraining programme, at the company's expense. The FT would then seek to find an alternative job in the employees chosen field. During the retraining and as long as an earnings difference exists, the FT has offered to bridge the gap between the employees net salary in his new job and his net earnings as of 11 July this year." Other remarkable features of the scheme were a suggestion for a "joint technology section" without jobs allocated according to "traditional territorial concepts" but on the basis of the "objectively assessed suitability of the individual". "In addition management would supplement union subscriptions so that each union would receive an amount equivalent to subscriptions from the whole group." Overall responsibility for implementing the plan would be the responsibility of a joint supervisory board comprising two full-time directors of the FT and printing union national officers. Though cleverly conceived to win the approval of printing union leaders, and soften the resistance

of the print workers, the FT workers rejected the scheme. The FT managing director, Alan Hare, who wanted to make the FT "the most technologically advanced newspaper in the world", responded with the traditional menace of management in these circumstances, "We are not saying that unless we get what we require in three or six months time, the newspaper will close, but unless a scheme on the lines we are proposing can be agreed, it is likely that at some future date this will happen." (Financial Times, 7 November; 25 October; 1975).

The Second Occupation

The weary band of workers who took up occupation of the cavernous floors of Albion Street for a second time, lacked the moral indignation and political resolution which had unified and sustained the first occupation. By now many workers were completely disoriented, and they occasionally turned up at the SDN simply because they had nowhere else to go. Ronnie Gibson stoically chronicled this sad demoralization:

"All the militants have left, Mackie and McNamara have left, and only four members of the Federated Chapel remain. There's no trade union leadership there. The people sitting in don't know where they're going: half of them are keeping the place warm for Maxwell and the other half just want a job with anyone. The rally last week was not successful, most people don't know what's happening, and the others are self-motivated. Among the leaders are three Scottish Nationalist punters, two of whom were SNP candidates in the last election, one Liberal, and one Johnny-come-lately to the CP. Students and other broad left political groups have been inviting speakers from the SDN expecting them to be socialists, then they find them to be Scottish Nationalists and they become very suspicious. Maxwell may employ about 300 people, he wants us to sit in as it lowers the price of the building. Maxwell is the only person who knows what he's going to do now. He is waiting for interest to evaporate to get it more cheaply, but the liquidator will wait indefinitely to sell the building. Only about a hundred and fifty people are turning up for the mass meetings, mostly out of curiosity, there are only thirty or forty people regularly around. They are distributing a four page supplement around the factories which is being produced on an outside litho, not on the SDN

presses, as the insurance is too high to operate these and NATSOPA would not put up with it. If we were to use the remaining newsprint the receiver would dock the money from the holiday pay not yet paid out. But the litho is costing £150 a week and there isn't much in the fighting fund. The supplement consists of four pages: two pages of news, one of sport, and half a page on what is happening at the SDN."

On 21 November 1975 there was a national demonstration against unemployment in London, which was not expected to be a large affair. Yet with mounting unemployment in evidence throughout the country, organizers of the march and police were surprised as more and more demonstrators arrived in coaches and trains and twenty thousand people completely blocked the street next to Euston Station for a mile. The last contingent to arrive was a special train of Glasgow trade unionists, among whom were a group from the SDN. As the Glasgow contingent arrived a huge roar of welcome issued from the waiting crowd. The massive Scottish Daily News banner was unfurled, and the SDN workers proudly took a central place in the demonstration, with grim smiles pinned to their faces. Despite the cheers and the warmth of the welcome, the SDN struggle had distanced itself from the mainstream of the labour movement, and in a sense the SDN group was present under false pretences. On sale to the marchers were hundreds of newspapers, magazines and pamphlets, produced by the trade unions, socialist parties, and revolutionary groups, and among this bright kaleidoscope of left publications the Scottish Daily News would have appeared very dim indeed, if it had been available. One newspaper which stood out from the vast array of literature was an English version of the Portuguese workers Republica, the publication which simultaneously had experienced similar traumas to the SDN, though temporarily with a different outcome. The jubilant, energetic, and determined Marxist revolutionary editorial of Republica made the Daily News read like a diluted Tory rag in comparison.

The lead story called for solidarity between British and Portuguese workers: "Quite obviously, the capitalist interests of the western countries and the governments that represent them, are determined to do everything they can to prevent a socialist revolution in Portugal. A victory to the Portuguese working class would give strength to the working class movements all over Europe. It would encourage workers in Spain and elsewhere to follow suit. It would bring to the very heart of the capitalist world an example of what workers' democracy really means. Over the last 18 months the Portuguese working class has made enormous advances. Through constant pressure from below, the Portuguese economy has been wrested largely out of private hands, and in the factories, villages, neighbourhoods and barracks, the Portuguese workers have begun to build up their own democratic organs of power." (Republica, 17 November 1975).

While those still in sympathy with Robert Maxwell occupied Albion Street, the SDN workers who had completely disassociated themselves from the enterprise were learning the solitary experience of being isolated and trapped among the unemployed with little hope of an early escape. Wistfully, Allister Mackie asked me a question I had feared, "Have you ever been unemployed?". "No", I replied, embarrassed at the privilege of having a secure job and salary. "You should experience it sometime", he continued, "unemployment is a very important experience. It will change the way you look at yourself, and at the world. You never realise what it means until you have been through it." As always, John Hodgeman was more jocular and emotionally colourful, "I'm blacklisted now, everywhere, even Fleet Street....When I drive up to the dole in my Rolls Royce, and they lay out the red carpet for me to walk up to the counter and pick up my £500 to pay the rent on my manor house, I think how lucky the working class is I was on £126 a week for years, I went down to £80 a week for my principles in joining the SDN - and now I'm on £25 a week on the dole. I'm beginning to find out what

life is really like." Probably Bob McKay the electricians FOC, expressed the view of all those that had been attracted to the SDN out of idealism, "I had a good job, but I moved to the Daily News when it started for the experience, you know the ideal. In the other job I got good money for doing the same thing day in and day out, but the idea of the co-operative was exciting. I'm not in the CP or anything, but I could see the need for a change in industryI'm out of work now, I have been for three months, I didn't think it would all end like this."

Unemployment allowed plenty of time to ponder what had gone wrong at the SDN, and a number of people attempted a detailed analysis. The problem was how to broadcast their findings. A BBC 2 special documentary, "The Cost of the Daily News", narrated by Brian Barr, provided an instant and dramatic assessment of the problems at the SDN, and a number of the old Works Council were able to voice their criticisms. But the stroke of luck in having someone at the BBC who was sympathetic to the SDN and had followed its career closely, was not replicated in the attempt to publish accounts of what had happened. The national newspapers, now the scandal was over, were not interested. Allister Mackie quickly wrote a brief article for the Institute for Workers Control, which was heavily doctored by the Sunday Times lawyers, free of charge, and appeared with suitable excisions after a long delay. Unfortunately the resources of the IWC are limited, which led to the following sorry exchange with Jimmy McNamara,

"J.N. How many of Mackie's pamphlet will be printed?

T.C. Oh, about three thousand.

J.N. (Visibly shocked and saddened.) Three thousand! What about the trades councils, the branches and the chapels! Three thousand! Something has got to be done, to reach the workers and trade unions, to tell them about the struggle at the SDN, three thousand copies will hardly go anywhere."

In another effort, John Hodgeman received a commission from the editor of the Spectator to write an article on the SDN's downfall, but this fiery satirical piece, "Maxwell's Silver Hammer" was returned with thanks. Ron McKay and Brian Barr received a large commission from a conservative London publisher, who thought they were going to write the story of how hopeless and misconceived workers control of a newspaper turned out to be in practice. When they didn't write this story, the book was refused, and was in the end published by a small Scottish house, Canongate, who had "the courage to publish when others quailed". (1976, p.2). Patiently, Allister Mackie for over a year wrote and typed a full account of what had transpired, but he had no urge to attempt to publish further, "I just want to put it in a library somewhere, so that if in the future someone wonders what really did happen, they can read it. I had to leave a record, otherwise the whole struggle will be distorted".

In Albion Street the workers watched the world go by, as they slipped quietly from the Scottish public's consciousness, and guarded the giant presses they could not afford to use. For newspaper workers this silent impotence was soul destroying. The daily four page emergency edition of the SDN could not be sustained on a volunteer labour force, and had to be suspended by Christmas. A weekly edition re-emerged in January under the editorship of Dorothy Grace-Elder, but though this lasted for several months it gradually lost heart and folded. The first major issue that the SDN was not able properly to comment on was the publication of the Labour Government's White Paper on devolution. Given the chorus of hostility that greeted the insipid and uninspired government proposals from the Scottish press, it was probably of some relief to the government that the Daily News, which had been displaying growing Scottish Nationalist sympathies, had disappeared. The intended weak Scottish Assembly, with limited powers over domestic issues, failed to arouse interest or support in Scotland, which perhaps was part of an

elaborate subterfuge by the government to induce boredom with the subject. Another explanation of the rapid collapse of popular interest in devolution, was unintentionally put by the Financial Times: "The Scottish Establishment is now strongly pro-devolution, if not actually nationalist in tone. The Church, the business community, the universities and the media- from the quality papers to the popular - are all devolutionist and ready to become more so if their present enthusiasm is thwarted". (28 November 1975). Anything which could stimulate such a consensus among the Scottish establishment, was unlikely to retain much appeal for the Scottish working class. The break-up of Britain proved not as imminent as was feared.

In December a creditors meeting in Glasgow called by the official liquidator, revealed the SDN final balance sheet, about which so many misleading euphemisms had been invented in the last two months of publication. Total liabilities were £2.49 million and estimated realisable assets £1.2 million. This meant that the government would receive about 50p in the pound on the loan of £1.2 million secured against the building and plant. Beaverbrook's unsecured loan, and all the issued share capital of workers and investors was written off as a total loss. About 300 other ordinary creditors ranging from local news agencies to the gas board would receive no payment on outstanding SDN debts amounting to more than £330,000. James Whitton confirmed that he had not received a positive offer for the building and plant, though Robert Maxwell had estimated the assets as worth £750,000, he had not made a firm bid. Whitton calculated a considerable difference between the estimated value for the property and plant of £867,000 on a disposal basis, and a valuation of £1.8 million if sold for newspaper publishing. (Guardian, 17 December 1975).

Months passed with the liquidator and Maxwell staying at arms length, hoping that the other would concede the several hundred thousand

pounds that separated them. Repeatedly the liquidator set deadlines for when he would sell the plant for scrap if an acceptable firm bid was not received, but the dates passed with the occupiers refusing to concede defeat. On a few brief visits to Glasgow, Robert Maxwell outlined his proposals for a Strathclyde Evening News to the workers committee, a venture which could become a 24 hour paper with a morning edition; though he insisted that manning and wage agreements were critical to the feasibility of the project. It also became clear that Sir Hugh Fraser was interested in the Albion Street building as a central part of his strategy to re-equip the Glasgow Herald and Evening Times, neatly obstructing the creation of a rival paper in the process. (Guardian, 14 February 1976). Negotiations between Robert Maxwell and the local officials of the print unions broke down irreparably when he refused to incorporate the 1976 statutory £6 wage award in the proposed wage rates for print workers on the new paper, which the print unions had settled with the Scottish Daily Newspaper Society to take effect from the beginning of July. Dorothy Grace-Elder took Maxwell's side against the print union officials, saying that the SDN workers were not interested in sacrificing the project for a "miserable £6". But the print unions were not prepared to see the low wages of the SDN survive in a privately owned newspaper. (Financial Times, 24 April 1976). Though the SDN workers prevented the auction of the Albion Street printing machinery, nothing more was achieved. After a long year's wait, the token occupation ended when the liquidator took advantage of a weekend lull to have the locks changed on the Albion Street building, and the workers' gloomy resistance finally petered out. (Guardian, 17 November 1976).

According to the survey conducted by Bradley and Gelb, a third of the SDN workers found other employment within three months of the SDN liquidation. It took another third of the workers up to 18 months to

find work. Of the SDN workers in employment, only half found work in their old skills. After 18 months, one third of the SDN workers, about 160 people, were still unemployed, with little hope of finding satisfactory employment again. (1978,p.40).

The Fate of Albion Street

The death of the SDN must be put in the context of the continued life of the national press under private ownership. By a seemingly inexorable process the national newspapers are becoming appendages of conglomerate and multi-national corporations. As one era in the turbulent history of newspaper production at Albion Street ended, another began. George Outram Ltd, the publishers of the Glasgow Herald and Evening Times who were to move into the Albion Street premises, warned union chapels that their £10 million development scheme had been prejudiced by recent unofficial union action, which had stopped the Times for four days, and the Herald for two. Without assurances that unofficial action would cease and that any disputes would be subject to agreed procedures, Outram's could not recommend the development plan to the board of the parent company Scottish and Universal Investment Trusts Ltd. John Crawford managing director of Outram's said that if the development scheme was not implemented efficient production could not be sustained on existing plant for more than two years, which was regarded as an intimation that the 1,300 jobs on the two papers could be at risk in the near future. The chapels freely gave the required guarantee, and a relieved Crawford commented, "I have been given 100 per cent assurance by the Outram chapels that the recognized procedures will be adhered to in the event of a dispute. There is every indication that we can look forward to a stable period of industrial relations. That was the platform I was looking for to enable the group to go ahead with a major programme of technological innovation. This is a development

which cannot be postponed for too long if the papers are to survive."
(Guardian, 24 November 1976).

Print workers at the Glasgow Herald and Evening Times offered their assurances, as ever, out of expediency rather than any real sense of commitment to Outram's management, since they had good reason to be profoundly sceptical about the credibility and probity of their ultimate proprietors, as they watched unfold over the next three years a fascinating saga of court cases, boardroom battles, takeover bids and public investigations by the Monopolies Commission, as the financial conduct of several SUITs directors was called was called into question, and the company became the subject of an overpowering embrace by the mining multinational Lonhro. On 18 November 1977 Sir Hugh Fraser and five other SUITs directors were charged that they put forward a balance sheet for 1974-75 "which did not give a true and fair view of the affairs of the company". It was alleged that the balance sheet contained an item showing current assets at £10,433,432, with a note that £9,733,557 was "cash at bankers and on hand"; when the six accused knew the sum at the bankers and on hand was no more than £5,500,000, and that the balance of £4,233,457 was on loan to Amalgamated Caledonian, a property dealing associate company. Three of the directors were further charged under the Companies Act in connection with dealings in SUITs shares. (Guardian, 19 November 1977). The six directors denied the charge concerning the missing £4.2 million, insisting it was simply an 'accounting error', but Sir Hugh Fraser pleaded guilty to an amended charge that he had not informed SUITs of 61 share transactions between 1974-76 involving 3.5 million shares. Furthermore, there was some confusion in SUITs as to whether the loan was secured or unsecured, a matter of some importance, since the London property deal fell through and the £4.2 million had to be written off, which was 12% of SUITs total assets. (Incidentally, four times the amount of money lost by the SDN). How the SUITs accountants and auditors had made such a serious error of

presentation in the accounts preoccupied the court case, since Scottish accountants are infamous for their painstaking conservatism and exactitude. Sir Hugh Fraser was scarcely reassuring since he told the court that similar loans in the past had been classified in this way, and that he was not "competent to understand the subtleties of company accounting". (Sunday Times, 21 May 1978).

Sir Hugh Fraser of Dineidwg became chairman of SUITs and of the prestigious House of Fraser in 1966 at the age of 29, upon the death of his father, Lord Fraser of Allander. In the middle 1970s Fraser occupied the headlines more because of his private life than business activities, and in 1976 admitted selling off £1.5 million worth of SUITs shares to pay off gambling debts. To the shock and horror of the Scottish establishment, in 1977 Fraser sold a 24 per cent shareholding in SUITs to Lonhro, and was replaced as chairman by Tiny Rowland, Lonhro's abrasive chief executive. Resentment at one of the few remaining identifiably Scottish companies falling into the hands of a multi-national active largely in third world countries was fuelled when Rowland did not arrive for his first annual meeting as chairman of SUITs because he was too busy. Undeterred, Rowland having acquired 40% of the SUITs equity for Lonhro, followed this with a bid worth £40 million in Lonhro shares for the remaining SUITs shares. The bid was supported by Sir Hugh Fraser, but opposed by three of the independent SUITs directors who felt that the offer was far too low considering the valuable range of interests SUITs possessed, including Whyte and Mackay whisky; that Lonhro shares were unattractive; that cash should be included in the offer; and that SUITs had better prospects as an independent company. In reply Lonhro offered "an opportunity to participate in a dynamic company with a proven growth record", and said that efforts would be made to retain the Scottish identity and integrity of the company. The takeover was referred by Roy Hattersley, the Prices

Secretary, to the Monopolies and Mergers Commission, a decision which did not unduly disturb Tiny Rowland.

For Rowland, like Robert Maxwell, was familiar with public controversy surrounding his aggressive business acquisitions. It was an ugly boardroom row over Rowland's style of management at Lonhro in 1973 that caused Edward Heath to utter his immortal phrase about the "unpleasant and unacceptable face of capitalism". The Conservative Government appointed Department of Trade inspectors to examine the way the company was run, and the eventual 700 page report was heavily critical of Rowland and several other directors. Yet in the normally measured terms of the Guardian financial pages, "Mr Rowland won the immediate victory by a swift and merciless execution of his opponents. The lengthier campaign, involving making Lonhro a more acceptable name in the City, has been going on ever since. There has been little conspicuous sign of success as London institutions have tended not to invest in Lonhro. If Mr Rowland wins his present skirmish with the Monopolies Commission his task will be made much easier." ("Round, and Round the Monopoly Board", The Guardian, 30 May 1978). Doubts concerning Lonhro included the proportion of non-remittable overseas earnings which could not be brought into Britain; the 40 million Lonhro shares owned by the Kuwaiti royal family; and the question of whether Lonhro planned to change its tax domicile. But Lonhro had been making efforts to increase its British based activities, and the acquisition of SUITs would not only help this, but give Lonhro a vital foothold among institutional investors: more importantly still, SUITs was linked to the famous, and highly profitable House of Fraser based on Harrods, the best known store in Britain, and if Lonhro was to increase its 19 per cent holding in this company it would provide an immense boost to its profits and public image.

While the Monopolies Commission was pondering the merits of the SUITs takeover by Lonhro, Lonhro itself became subject to the uninvited attentions of Sheik Sabeh al Ahmed Nassr of Gulf Fisheries, who with a 21 per cent shareholding in Lonhro, insisted on boardroom representation for two nominees. This raised suspicions among Lonhro directors that Gulf Fisheries, with its close relations to the Kuwaiti royal family, was seeking a full takeover of Lonhro. Though Sheik Nassr maintained he was primarily interested in the disappointing Lonhro share price performance, Rowland was quoted as saying, "It is clear to me that what Gulf Fisheries would like is to get control of us." (Guardian 12 March 1979). For the time the threatened Kuwaiti takeover disappeared, and in March 1979 the Monopolies Commission finally approved Lonhro's takeover of SUITs. Rowland increased his offer to £56.6 million, and finally to £67 millions, to secure critical defections among SUITs institutional shareholders who had previously opposed the deal. "For Lonhro the takeover means the acquisition of a large chunk of high quality British earnings to counterbalance the international trading group's more speculative and volatile overseas earnings", the Guardian pleasantly commented. (10 May, 1979). One part of the SUITs empire for which Tiny Rowland had ambitious plans was the newspaper operations. Already a substantial newspaper proprietor in Africa, Albion Street was next on the agenda:

"In fact it now appears that Mr Rowland is planning to turn the Glasgow Herald into the base for a national newspaper with the possibility of a separate Sunday paper as well. It is suggested that the new newspaper would follow a left of centre political line and would be likely to be more in sympathy with the Labour Party than other political parties. This it is thought would be in line with Mr Rowland's own thinking. He apparently regards himself as a 'revolutionary capitalist' and has looked upon the activities of the present Labour Government with some admiration." (Guardian, 16 October 1978).

Therefore Robert Maxwell could muse that although he had failed to retain control of Albion Street, certainly a man after his own heart had taken over ultimately.

(After George Outram, the Lonhro subsidiary, moved into Albion Street, the Sunday newspaper which emerged suffered a remarkably similar trajectory to the SDN. The Sunday Standard enjoyed the support of vastly greater financial, technical and editorial resources than did the SDN, but failed to penetrate the ABC1 Scottish Sunday newspaper market to the projected circulation of 175,000. Consistent substantial losses proved an unacceptable drain on the reserves of Outram's and two years later the paper was unceremoniously ditched, having lost in the region of £5 million) (Advertising Magazine, Summer 1981)

As Albion Street succumbed to a marauding multinational inexorably the same fate befell the impoverished Beaverbrook Newspapers itself. After receiving approaches from a number of consortiums, including Sir James Goldsmith of Cavenham Foods and Tiny Rowland of Lonhro, the Beaverbrook board sold the Daily Express, Sunday Express and Evening Standard to the property company Trafalgar House Investments for £13.7 million on 30 June 1977. The Daily Express announced the takeover under the front page headlines: "Your Express: A New Horizon". "The financial strength of the £500 million Trafalgar House group was put last night behind Beaverbrook Newspapers, publishers of the Daily Express, Sunday Express and Evening Standard." (1 July 1977) In a personal front page message to readers Victor Mathews commented: "This is a proud day for Trafalgar House and myself. I have always been convinced that the three Beaverbrook newspapers.. play an important, indeed indispensable part in the life of the country. My colleagues and I resolved that, if approached, we would do what we could to put our muscle behind all three newspapers." Mathews, the deputy chairman of THI, became the new chairman of the Express group, and assumed

the role of newspaper proprietor with considerable enthusiasm and as much ignorance. Several years of internal battles followed as Mathews attempted to cut overheads, particularly on the Daily Express by drastically reducing manning: Mathews announced that he would cut staff on the Express by two thirds if the unions would let him. The Express chapels dug in for a long fight and Mathews resorted to the orthodox threats, "I could still close it all up. One may face a situation when one says there is no way of getting this right." (Guardian, 29 June 1978). Four years later Fleet Holdings was set up to manage the Express group independently of Trafalgar, and though the papers managed to limp along, survival remained distinctly precarious.

CONCLUSIONSPersonal Reflections

"They were heady days at the Scottish Daily News. During the struggle I was signing cheques for half a million pounds, and then going down to the burroo to pick up my £20 dole. It was a heady experience", Jimmy McNamara reflected afterwards. "We believed for a whole year, and we believed without any evidence, that the British market was similar to the continent: that if left wing papers had a big enough circulation that advertisers would use them. Because advertisers are mercenary people, we believed that if our circulation was big enough they would use us as a medium for their products: if we had a market that these people wanted to reach, then they would not be interested in our politics. But we failed because of economic forces: what we believed was not true, in the interests of established society advertisers were not prepared to cut their noses to spite their faces". Jimmy, who was eternally amused by life, and who's son was the only card carrying member of the C.P playing in the Scottish Premier League, ended up travelling down to Fleet Street where to his delight he became an engineer with Express Newspapers once again !

"For Robert Maxwell co-operation means obedience", Charlie Armstrong maintained in his direct and forceful way. "I once said to him, 'If you were 20 years younger, I'd take you outside and kick you from one end of Albion Street to the other'. He just laughed". But Armstrong was aware of the government's role in the downfall of the SDN too: "A lot of members of the Labour cabinet were against the Daily News from the start. They felt it would gradually become an SNP rag. They were right in the end." Armstrong tried his hand at the garage business for a while, but he too could not resist the feeling for the newspaper industry, and a few years later managed to get back on the Evening Times. "You can't have worker participation in a capitalist enterprise anyway. Nobody tells Robert Maxwell what to do" adamantly insisted Ronnie Gibson.

"The Labour Government forced us into it with Maxwell. We couldn't have found that amount of money on our own." Gibson stoically resumed his previous work in the health service. John Hodgeman put it more lyrically: "From the state-subsidized shambles of the SDN the only concrete lesson to emerge - the one being voiced in the Clydeside yards, the Lanarkshire forges and the Nationalist living rooms from where most of the cash support came is: 'If ye want tae dae it ... dae it withoot Robert Maxwell'". After an active and colourful two years as the Scottish organizer of the National Union of Journalists, including being arrested while picketing at a provincial newspaper, John Hodgeman became sub-editor on Socialist Worker, "I'm doing something I really believe in now, it makes a big difference, y'know."

"We should have been a more courageous and investigative newspaper. We have not been able to emphasize our wish to change society", was the regret of Allister Mackie, the idealist at the heart of the SDN co-operative. "Ninety per cent of the people worked in a co-operative, only ten per cent for a co-operative. Half of the workforce would have preferred a traditional management - something they could confront, rather than be in management themselves. Blyth destroyed confidence in the co-operative structure, he said, 'We need Maxwell in management, I am sorry to admit, we need his experience'". Perhaps the most chastened by the bitter events at the SDN, Mackie had to sadly leave the industry, "My one big regret is that I am no longer a member of a print union. My branch secretary advised me that because there were absolutely no job opportunities either at the time or in the future I should relinquish my union membership. I did so, and am now a member of the GMWU". Working for an Edinburgh cleaning company, Mackie pondered deeply on the SDN failure, and came to the sober but damning conclusion that, "The DTI set us up to fail They wanted us to fail, and were relieved when we did...."

Robert Maxwell had a diametrically opposite view of what had gone wrong to that held by the majority of ex-Council members, as he announced in his telex of 6 November 1975:

"The blame for the failure of Scottish News Enterprises Ltd does not rest on the shoulders of the journalists or the workforce. In fact they performed miracles of production of which there has been no equal in this country. The real blame must clearly rest with the Executive Council who, contrary to the representations made to the DTI and the declaration in the original prospectus, decided last April to run the newspaper without a man of proven commercial ability and took it upon themselves to run the day-to-day affairs of the company without the necessary knowledge and experience. The real lesson for the future of any workers co-operative is that it is not enough to have a skilled and dedicated workforce to produce a product or service, you must also have a highly capable business management team responsible for ensuring the commercial success of the enterprise."

(Robert Maxwell continued his meteoric business career, apparently unaffected by the SDN fiasco. In 1977, the Director of Public Prosecutions held that proceedings against Maxwell due to the DTI report "would not be justified." Maxwell retained control of Pergamon Press, increased the ownership by his family interests, and recorded improvements in profitability. One notable area of expansion of Pergamon's work was in the Soviet Union, where Maxwell received attention for publishing an authorised biography of Leonid Brezhnev in the remarkable time of nine days, when in competition with an American publisher. Nor was Robert Maxwell's political career at an end, he energetically attempted to secure nomination as an MP in one European parliament; and also made

an aggressive attempt to secure nomination by the Kettering Labour Party in 1978, issuing an impressive curriculum vitae: "Publisher, politician, fighter, and man who gets things done. Robert Maxwell is all of these - and more." (Sunday Times, 5 March 1978).

Thwarted in his political ambitions, in the early 1980s Maxwell attacked the commercial route to power with prodigious energy. A series of aggressive corporate acquisitions earned him headlines such as, "The Resurrection of Robert Maxwell" (Sunday Times, 4 April 1982) and "A Tycoon Who Bounced Back With A Vengeance". (Guardian, 25 May 1982) Having secured a 77% holding for Pergamon in his old adversary British Printing Corporation, Maxwell was declared chairman in February 1981 and immediately changed its name to all-embracing British Printing and Communications Corporation (BPCC). With a turnover of £200 million and a workforce of over 8,000, Maxwell was now in control of the largest printing group in Europe. A programme of ruthless rationalisation was adopted to stem the group's losses including over 2,000 redundancies, together with a campaign to win back major colour printing orders from overseas. Once restored to strength BPCC proved a vehicle to rapidly overwhelm failing printing companies unable to weather the recession as Maxwell acquired an even larger share of British printing capacity.

Modestly he insisted in one interview, "I don't want you saying that Maxwell waved a magic wand, or Maxwell is the saviour of the British printing industry. This has been a delicate business and I couldn't have done it on my own." (Sunday Times, 13 February 1983) In fact the pattern of BPCC's rationalisation of the printing and packaging industry was most starkly revealed in the acquisition of Odham's printers of Watford, which was merged with Sun printers of Watford at the cost of 1,400 jobs, to release the site for a hypermarket, meanwhile enhancing the BPCC monopoly of gravure colour printing. "I treat workers as individuals. I

never let them down and I do not bluff. It is perfectly human that people should try to stop closure, but trade unionists are realists."

Aspirations to become a media baron were less easy to satisfy, but having acquired an 8% share in Central TV, Maxwell would have been happy to have become the majority shareholder if the owners, Associated Communications Corporation, and the IBA, had consented. Having failed to acquire a national newspaper title Maxwell offered to print them all at the grandly named British National Printing Corporation. He announced, "Proprietors have realised that being both printer and publisher is the road to ruin. We will be in contract printing of newspapers before very long." (Guardian, 6 April 1982) If possession of a national title for the moment had escaped him, Maxwell could still look forward to earning the accolade of 'The Man Who Saved Fleet Street'. That he could stand up in bare knuckled fights with the London print workers who did not share his vision of the future had been proven in a bitter dispute at the Park Royal works of BPPC, which was the main BBC contract printer. When 350 members of Sogat 82 refused to co-operate with Maxwell's reorganisation proposals, they were sacked and the receiver called in. The settlement came after three weeks with Sogat 82 conceding the transfer of the Radio Times printing to East Kilbride and major job losses.

Other escapades such as the chairmanship of Oxford United Football Club kept Maxwell in the public eye. Failing to appreciate the distinction between a club and a company, he attempted to merge Oxford FC with Reading FC into the Thames Valley Royals to the fury of the fans of both sides! (Guardian, 24 April 1983) Although Maxwell's career as a leading business celebrity developed as his wealth accumulated, he could never quite shake off the taint of the Department of Trade inspectors reports which dubbed him a man unfit to control a publicly quoted company, even though an unabashed Maxwell insisted, "They were talking a load of crap." (Guardian, 2 August 1982) Nonetheless aspects of Maxwell's highly individualistic

business methods remained intact, including an apparent inability to delegate, though he contested, "With 12,000 employees in the 2 companies (Pergamon and BPCC) and an annual turnover of £300 million, you have to delegate", yet his personal signature was required for every employee hired, every piece of overtime not paid for by a customer, and every cheque).
(Sunday Times, 4 April 1982)

Some of the workers at the SDN who had supported Maxwell had seemed to yearn for the easy certainties of this form of autocratic control: "Most of the workforce are convinced that they need somebody, if not Robert Maxwell, somebody with the same kind of charisma to run the paper... Some people regretted the fact that there wasn't a man at the top." How tragic, confused and helpless this deferential section of the workforce had become was revealed by another worker: "We're not too happy with the government. The way I look at it the government has taken us half way across a busy street and stranded us in the middle. We'll probably get knocked down - but maybe somebody'll come and take us over the other side." Other workers were resentful, "Big daddy Maxwell, he was gonnae get us this, gonnae get us that, - got us nothing, got a black eye through it, we got nothing. He done nothing for us as far as I can see.

The SDN's ex-management team strongly contended Maxwell's analysis of the failure - as Eric Tough maintained:

"Now I think we were so undercapitalised that we couldn't have made it anyway. But we might have been able to go to the government and say that we were doing better and to plead for more money and more time to sort things out. The paper did, after all, improve tremendously. But having got mixed up with Maxwell and with these emotional non-commercial considerations, the government was bound to say 'no'..My deep regret is that Maxwell crossed this whole field and ruined the possibility of this terribly

vital experiment being taken to a satisfactory conclusion, one way or another. We have no real idea now what might have been achieved and we can't even point to clear-cut reasons why things went wrong. Maxwell's presence, his influence, permeated every issue."

(McKay & Barr, 1976, pp 120-1)

External Assessments

Most of those who had been involved in the Scottish Daily News were convinced of how the great potential of the newspaper had been cruelly destroyed by a combination of the discrimination of market forces, the belligerence of Robert Maxwell, and the intransigence of the government. Most external assessments of the newspaper were immune to these considerations, and simply treated the failure as a vindication of the official pessimistic forecasts, without further examination. Only McKay and Barr provide a sympathetic assessment of the ideals and effort which composed the SDN struggle, though even they accept relatively uncritically the market constraints within which the newspaper was compelled to operate, and, therefore that failure was inevitable: "There had never been any rational basis for imagining that it would have been a different conclusion." (1976, p 156) In accounting for the market collapse of the newspaper McKay and Barr penetratingly focus upon editorial weaknesses: "The much heralded breath of fresh air blowing through its pages had turned out to be a stale draught," (p 163) and divert attention from the more critical problem of advertiser discrimination, since there are many popular newspapers with equally poor editorial quality which survive. Estimating the central role of Robert Maxwell, McKay and Barr often lapse into an unconvincing awe at his tycoonery, though their final opinion is scathing,

"Robert Maxwell, through his very presence in Albion Street or in the background, ensured that no one will ever really know whether the Scottish Daily News could have been a successful experiment in workers' control". (p.121). They also acknowledge the serious inadequacies and contradictions of the Department of Industry's involvement: "Having so hamstrung the co-operative that they had to accept Maxwell's money with all its conditions, the government then refused to help the project during the last desperate days in September and October because of Maxwell's association with it.". (p.160). Moreover McKay and Barr do not dismiss the problems experienced in the Works Council between worker representatives and management in the facile way of other commentators hostile to any conception of workers control:

"Management does not have a monopoly of virtue or of intelligence, even when it comes to managerial skills ... If the project had survived it would have indicated ways in which the tension between worker directors and professional management could have been resolved. This is certain to be an area of difficulty in any enterprise controlled by the workers unless, of course, the workers unquestioningly adopt the assumptions and values of professional management; it is hard to imagine that any group of workers accepting these values would also have the vision to try to control the whole operation. Although both Allister Mackie and Eric Tough claim that the co-operative was starting to come to terms with the distinction between policy making and day-to-day management, seemingly intractable problems remained unsolved. Any worker with a coherent, left wing political stance is bound to see a political content in many issues which a manager would regard as day-to-day business." (pp. 162-3).

McKay and Barr conclude that as a commercially viable newspaper in a competitive market the SDN was doomed to failure; that as an experiment in workers control it was interesting; and as a demonstrative struggle against unemployment it was vindicated. They accept that the SDN workers shared an overwhelming experience but maintain that "although the crisis in the newspaper industry will continue and deepen, it is difficult to imagine that the same components will coincide again to produce another attempt by newspaper workers to take over from the bosses." (p.166)

The consensus of external opinion did not bother with the internal SDN struggles explored by McKay and Barr, but was content with orthodox references to the commercial unviability of the enterprise. The Economist in its inimitable unworried style offered the following slick judgement: "The economic air was hostile from the start. Declining newspaper circulations, the effect of the recession or available advertising and an already crowded Scottish market all militated against success. All that was known and pointed out in private and official reports long before the venture ever took off." (15 November 1975). This fast, no-nonsense approach actually conceals and confuses more than it explains. Newspaper circulation was declining, by an average of 10% in all market sectors national, provincial morning, and evening in the period 1971-76 as previously indicated; yet, during the same period Scottish morning papers actually increased their circulation by 22.6%, or over 200,000 copies (RCP, Final Report, 1977, p.270). Reference to the advertising recession is relevant, but does not begin to explain why the SDN attained only 20% of target revenue, while the rest of the provincial press attained 90%. As for the 'crowded Scottish market': a choice of 11 newspapers was commonly available in Scotland, compared to 10 in England, less than half the number of newspapers available fifty years previously. (Curran, 1979, p.67).

The Royal Commission on the Press hardly delved deeper than the Economist,

In keeping with the obsequiousness that it displayed towards market forces throughout the Final Report, it treats the SDN failure as a foregone conclusion. The Commission refers simply to the pessimistic consultants' reports, and records the shortfall in circulation, though strangely making no mention of the lack of advertising revenue, except to criticize the SDN's own advertising strategy. The Commission concludes with pompous and patronising praise of the effort devoted to the dead co-operative:

"The Scottish Daily News was fired by ideals of co-operative production which were evident during our visit. As we saw, these created a dedicated leadership and workforce and permitted very low manning levels and high productivity. We respect and admire the principles and effort which sustained the paper during its brief life, and we regret deeply that so much of value should have been squandered. Such a spirit deserved a better opportunity. We think it would be wrong to conclude from the history of the Scottish Daily News that co-operative newspaper production has no future. But we hope that the next attempt will combine co-operative idealism with commercial realism. We doubt whether the history of the Scottish Daily News offers useful hints for other promoters of new daily newspapers." (RCP, Final Report, p.53).

The Commission makes no mention whatsoever of the underfunding of the SDN, yet estimates that to set up new plant to publish an evening newspaper, of average 50,000 circulation, would cost £2 million at 1976 prices; that promotional and development expenditure was needed; that time was necessary to build up circulation and even longer to develop advertising, suggesting that it would take four or five years to break even, by which time losses would have mounted to £1 million. (p.54).

On the Commissions own calculations therefore, the SDN with an achieved circulation of 140,000, and a projected circulation of 250,000, would have needed at least £6million to firmly establish itself, which was £3.5 million more than it actually received. The Commission recognises that these costs are so great that new entrants are effectively excluded, and that only the largest existing publishers, utilizing spare capacity, can conceivably afford the expense of launching new papers, (though in fact the SDN launch was the first new provincial morning for decades). (pp.51-4). The Commission reveals the true extent of its commitment to co-operative newspapers, behind the inflated rhetoric, "Such a spirit deserved a better opportunity", by resolutely rejecting all and every proposal for public intervention to help reduce the financial barriers to entry in the newspaper market through the provision of subsidies or public printing capacity. (pp.116-126). Thus to suggest that in the present market context any co-operative newspaper "combine co-operative idealism with commercial realism", is in effect totally negative: without public intervention it is highly unlikely that any co-operative national newspaper could be launched, and if it was, in the effort to comply with advertising market requirements it would become virtually indistinguishable from the capitalist press.

In their extensive writings on the subject Bradley and Gelb contribute little of significance to the explanation of how the SDN failed. What they do, with a skill which it takes years of academic training to refine, is avoid all of the critical issues, and secrete on to the SDN occurrences their own alien and rather irrelevant economic and sociological analysis, which explains more about the relationship of academics to workers struggles than about what took place at the SDN. Bradley and Gelb begin their analysis by dismissing the SDN as unviable, without any independent inquiry, tersely repeating the judgements of

the Bank of Scotland, Strathclyde University Business School, and the Industrial Development Unit: this "wealth of advice", as they refer to it, (though more accurately it should be the "advice of wealth"); which was based largely on the flimsy Chesters report, they accept without question. Since they assume that the SDN was bound to fail, there is therefore, no reason to attempt to explain why the SDN did fail. Without further investigation they are content to confirm that, "Sales dropped to what must be the lowest ever for a national newspaper. Advertising revenue fell far below projected levels." (1978,p.8). With regard to sales they are wrong, the SDN could only be considered a Scottish national newspaper, and in that league had the third highest daily sales. Bradley and Gelb claim to be interested primarily in the economic and political aspects of the SDN, "political economy" no less, but in fact they are primarily concerned with abstract and obscure problems, neglecting any consideration of the concentration and contraction of the press or the effect of advertising revenue. If they neglect to consider the concerted effect of private monopoly and advertising on the press, Bradley and Gelb reveal that they are not remotely interested in the editorial problems of the press by excluding the subject completely from their analysis, maintaining that they "do not wish to introduce here any welfare loss/gain from the operation of the worker press per se." (1977, p.23).

The most notable lacuna in Bradley and Gelb's analysis is the absence of any proper consideration of the role of Robert Maxwell - their work really amounts to a Hamlet without the Prince. That there is practically no mention ^{of} Maxwell in several of their articles is uncanny, but may possibly have something to do with the fact that Bradley and Gelb received much of their documentary material from the Maxwell camp. In the fleeting references they offer to the assessment of the involvement of Maxwell they emphasise the assistance of his "commercial expertise", though they do concede that the conditions of the government

loan which forced "the commercially inexperienced workers into collaboration with a financier, jeopardized the idea of workers control from the outset." (1979a, pp.3,9.) The only discussion of the internal struggles at the SDN which they offer, was in a paper presented to the International Industrial Relations Association, which purports that the dominant orientation of SDN workers was one of 'pragmatic acceptance'; but this sociologically inc conception merely conceals the fact that the dominant orientation of the SDN workers was based on fear and insecurity, which Maxwell frequently exploited. To support their contention, they offer the following rather warped explanation:

"Mackie and Maxwell, legitimated their positions by relating to totally different developmental stages of the enterprise, the former to a stage which demanded predominantly idealism and a commitment towards the co-operative, the latter to a later stage which demanded business expertise and practical management skillsWhether Mackie's inexperience contributed to the newspaper's decline is difficult to ascertain. However, Maxwell seized this opportunity to regain control, appealing directly to the economic and pragmatic attitudes of the workforce, thus by-passing the chairman and the ideologically motivated caucus which surrounded him on the board of directors. On 20 June 1975 he sent a telex to the SDN workers which ... appealed to the commercially motivated workforce; it sidestepped Mackie, whilst exposing the contradiction between inexperienced worker management and "experienced capitalism". (1979b, pp.11-12).

At one level this is merely a repetition of the stereotyped management view that only executive management are qualified to take important

decisions, and workers are incompetent to do more than obey.

As an explanation of the struggle between Maxwell and the Council at the SDN it is extremely misleading: the "inexperienced" Council which included a PA management veteran and others with considerably more experience of the newspaper industry than Robert Maxwell, had already set in train the relaunch programme of recovery when Maxwell returned to executive power at the end of July 1975, and his contribution to this was largely diversionary. In another sense, Maxwell was more commercially oriented than the Council, but this narrow commercialism contradicted the ideals upon which the co-operative was founded, and if the SDN was to be just another popular tabloid run by another omniscient proprietor then co-operative sacrifice and commitment, which was the only thing which made the SDN potentially viable, could not be expected. The interpretation of Bradley and Gelb would be unconvincing if any adequate presentation of the events at the SDN was given; this they do not attempt, but instead support their argument by a disgraceful distortion, referring on a graph to the point where the SDN cash flow position considerably improved in August due to the tabloid relaunch, as the "point at which Maxwell resumed executive powers", implicitly attributing to him the recovery which he had played little part in creating. (1979b, p. 13).

On the question of the role of the government Bradley and Gelb are more illuminating in their analysis, but in their conclusions even more perverse. They convincingly explain that the SDN funding was an unintended compromise between the committed Benn, reluctant Cabinet, and hostile Treasury, which accounts for the severe terms of the SDN loan, and the official indifference to the financial problems experienced later. However Bradley and Gelb can find no other reason to justify state intervention in industry than a peculiarly heartless and manipulatory Keynesian logic. The conditions which they set to

test the acceptability of state aid are that :

- "1. The duration of support is short relative to the delay in factor market adjustment.
2. Intervention does not substantially hinder or slow down factor reallocation to more viable sectors.
3. Factors affected are not unemployed through deliberate government policy." (1979b, p.10).

Thus the implicit assumption throughout Bradley and Gelb's work is that state intervention in industry is, and should be, only temporary. This view is based on a dependence on the free market and private sector to reallocate an equilibrium in the distribution and utilization of factors of production, especially labour, which is something that the unrestrained and uneven development of capitalism has patently failed to do. They argue that the "respectable case" justifying the SDN loan was as a "temporary employment maintaining operation", and therefore, that the terms of the loan were quite appropriate. As evidence that the assistance given was of "positive and substantial" benefit to the state they calculate that after the sale of the secured assets; with six months tax and national insurance receipts from the 500 workers; and the savings on unemployment benefits during this time; that the direct "profit" to the state was of the order of half a million pounds, assuming that none of the workers could have found alternative employment. Indirect losses by rival newspapers and investors they estimate would not wipe out this overall benefit. (1979a). As evidence of the benefit to the SDN workers that the temporary aid provided, Bradley and Gelb cite, with all the studied cynicism that bourgeois economists can muster that despite the £400 capital investment, over a full year: "After tax, a worker would have taken £2,182 as opposed to £1,445 unemployment benefit. The gain after the 'Daily News' collapse, assuming total loss of a £400

capital contribution, would merely have been cut to £336 from £736. This may not seem much for a year's work. However it is hard to assume that it should be assigned a zero welfare weight, especially in view of the implicit rejection of leisure as a "good" contained in most attitudes to unemployment." (1977, p.19). Such stunted balance sheet values may impress Treasury mandarins, or merchant bankers on the House of Commons Committee of Public Accounts, but they would be regarded with repugnance by the idealists who founded the SDN, who were intent on social and industrial change, and who knew there was something on the bottom line besides pounds and pence.

In their assessment of the experience of the SDN, and of the other two workers co-operatives that they had reluctantly funded, the senior civil servants of the Department of Industry revealed that they had learned nothing, but merely confirmed their original sharp prejudices. Once Benn was ejected from the Department, the early failure of the SDN, and the difficult lives of Kirkby Manufacturing and Engineering and the Meriden Motorcycle Co-operative, allowed the senior officials of the Department to abandon the social considerations concerning unemployment in depressed areas and industrial innovation, and reassert orthodox market criteria for public assistance of profitability and return on capital. Applying such criteria, assistance would not have been given to any of the co-operatives, and certainly not the SDN after it had been categorically refused by the private banking sector. Having foreclosed the possibility of any future co-operative innovation by restoring discriminatory market criteria, Sir Peter Carey the Permanent Secretary at the Department of Industry revealed his contempt for the achievements of the workers leaders at the three co-operatives which had been funded, and his disregard for the problems they faced which he was partly accountable for:

"I think that as far as monitoring is concerned, we have learned a considerable amount from these particular cases and this particular form of organization. One of those lessons is that good professional management is a sine qua non for success. I think that the lesson is being learned by the co-operatives. In the case of Scottish News Enterprises there was not time for it to be learned because the enterprise failed very quickly. I think that in the other two cases .. the importance of good professional management is recognised, and the importation of such management need not undermine the basic rationale of a workers co-operative." (Sixth Report from the Committee of Public Accounts, 17 May 1976, pp. 386-7).

In providing this sick epitaph on the greatest British post-war experiment in workers management, Carey was either oblivious to the internal struggles which took place at the SDN, or if he was aware of them, sided completely with the management. Such mindless conservatism justifies Brian Sedgemore's condemnation of the undemocratic elitism which pervades the higher echelons of the Civil Service, and the addiction of Carey and others to archaic and irrelevant economic shibboleths, which leads them to systematically frustrate the interventionist policies of successive Labour Governments. (Guardian, 16 September 1977).

Conclusions.

The Scottish Daily News ^{was} Britain's first worker controlled mass circulation newspaper. As a newspaper and as a co-operative it was riddled with contradictions, and during its brief precarious life it

staggered from crisis to crisis. As a newspaper supposedly devoted to the cause of workers struggles, it was dependent on the goodwill of advertising executives for half of the revenue essential for its survival. Old journalists promised a youthful editorial, but their newly discovered editorial freedom was used merely to instinctively continue with what was considered safe and familiar. Instead of pioneering new editorial frontiers, they disinterred old editorial formulas. The political ideal of a labour newspaper, never coherently conceived or firmly embraced by many, was quickly jettisoned in the vain search for a commercial product. The result was that committed readers felt disappointed and betrayed:

If it was "self-evident to all concerned ... that the paper, when it was launched would have to be a marketable commodity" in Allister Mackie's phrase, the severe constraints of this existence were discovered (1976, p.113). The SDN was arrogantly tossed aside by advertisers whose narrow commercial tastes the newspaper offended, and who saw the co-operative as a potential threat to their interests. The SDN was continually in the uncomfortable position of being unable to convince trade union readers of the extent of its political commitment, or to persuade advertisers of its lack of political commitment. The SDN suffered the classic dilemma of reformism: it was too hesitant to forcefully initiate the concept of a socialist newspaper, and too weak to withstand the battering of market forces as a conventional newspaper.

The most obvious contradiction at the SDN was the presence of Robert Maxwell as co-chairman, who cast himself in the role of aggressive newspaper proprietor in an organization supposedly subject to workers control. The impossibility of reconciling Maxwell's direction with democratic control was shown not simply in his continual conflict with the Works Council, but in the opposition he met from a succession of SDN management executives who could not reconcile his control with collective

responsibility. In order to establish executive control of the SDN Maxwell had to cut a swathe through the Council, management, and professional advisers, leading to the removal or resignation of almost all of the original team. This disruption seriously contributed to the commercial difficulties of the SDN and provided much bad publicity. When Maxwell eventually eliminated all rivals to his executive power he took control of a demoralised, declining organization with an administrative shell. Maxwell more than anyone attempted to make the SDN comply with what he understood to be market imperatives. Fundamental to Maxwell's orientation were two obsessions: firstly competition with other popular newspapers; and secondly the price of the SDN. But these crude market fixations contradicted the original orientation of the co-operative, which was to meet the need for an authentically Scottish labour newspaper rather than competing with popular rivals with a similar product; and in this endeavour price was largely irrelevant since people would buy it for its editorial values, not its cheapness, and would even be prepared to subsidize it. Yet Maxwell clung to his decision to initiate and maintain the price reduction of the SDN, in the face of substantial and recurrent evidence that it entailed financial suicide for the newspaper, with the tenacity of a man in the grip of a dogmatic belief rather than someone exercising considered commercial judgement. Though the paper certainly had many other fundamental problems which would ultimately have brought its end, Robert Maxwell's involvement was the principal cause of the short, painful and frequently humiliating life of the Scottish Daily News.

If Maxwell was the instrument which crushed the dreams of the SDN idealists, the instigator of this brutal end was the Labour government. At every turn the government discouraged and delayed the SDN workers, contemptuously neglecting an opportunity to implement the Labour Party's policy of a socialised press. When the government failed to wear down

the determination of the SDN activists, it allowed the civil servants at the Department of Industry to impose crippling terms on the loan to the SDN which ensured that the co-operative was under-capitalized from the start, and dependent on the contribution of Robert Maxwell. If the SDN did do more harm than good to the prospects of co-operative control of newspapers and other industries, there were those in government, particularly at the DoI, who wanted this to be so. There exists a deep-seated antag^onism to economic and industrial innovation within the right wing of the Labour Party, and throughout the senior civil service; for them, the 're-generation of British industry' to which the 1974-1979 Labour government was formally committed, could only be the re-generation of capitalism. The Department of Industry remains completely immersed in traditional commercial values and practices, and its highest aspiration seems to be to act as an orthodox capitalist merchant bank. In this context, the SDN was simply an unwanted embarrassment, and never stood a chance.

Among the enduring lessons to emerge from the SDN experience is the incompatibility of professional management control and democratic workers control. "The newspaper will be run by the workers themselves but, within that context, it will have expert management with traditional executive responsibilities", the guide to the SDN prospectus optimistically stated. But the experience at the SDN was actually one of an implacable contradiction between management priorities, methods, and values, and those of the workers representatives, which could only be resolved by the defeat of one or the other. The technical skills of professional management were necessary for the commercial survival of the SDN, but the accompanying baggage of managerial hierarchy and assumptions was mortally threatening to its survival as a co-operative.

The basic unsolved contradictions of the SDN co-operative stretched down on to the shopfloor. Co-operative ideals and equality nurtured

during the exhausting struggle to establish the paper, quickly evaporated with the difficulties encountered after the launch, and were replaced by a pragmatism and elitism directly transplanted from the past. The aristocracy of labour proved incapable of shaking off the ingrained traditions and assumptions of the past when faced with a real, if hazardous, opportunity to do so. The traditional economism and political conservatism of the print unions re-emerged at the SDN, with a deferential yearning for the personal prosperity and security they had enjoyed in the days of the Beaver, regardless of how other workers had fared during that period.

"If this fails it has not shown co-operatives will fail, if it works it has not shown they will succeed - it is not a co-operative", was the opinion of one of the SDN librarians, with which many people concurred. They had discovered the enormous difficulties of individual, isolated co-operatives in a hostile market environment, which are incapable of transforming the existing economic system but are themselves overwhelmed, and either collapse or become mutations of their original principles. "We have created a monster, we can only destroy it now", one of the SDN activists said in genuine despair. Union activists in the newspaper industry, and wider labour movement, have a duty to the ideals of the SDN struggle not to create another monster. If the dream of a socialised press is to be achieved it will require more than an attempt to rescue a failed capitalist newspaper, or the launch of a solitary labour daily. Extensive intervention in the existing newspaper market will be necessary to ensure access to launch funds for diverse publications, as well as access to printing capacity and distribution services. Commercial advertising will need to be replaced as a main source of revenue. Finally to ensure democratic control of both the newspaper enterprises and editorial direction more thorough methods of participation and accountability will be required than have so far been contemplated.

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CHAPTER ONE

INTRODUCTION

The Scottish Daily News disaster was not a unique experience in the history of the British press. Every attempt to launch and sustain a radical mass-circulation newspaper in Britain for a century has met with ignominious commercial failure. It is now proposed to examine the political economy of the press to discover the factors which militate against efforts to achieve a democratic press.

In chapter two the historical development of the press is considered, and how advertising discrimination eliminated the radical social democratic press. The career of the Daily Herald is studied as an acute illustration of this process. Chapter three explores the contemporary ownership and control structure of the press and notes the degree of centralisation and concentration that has occurred. The scale of the advertising industry and the extent of the advertising subsidy of the press is examined.

Chapter four investigates the editorial construction of the contemporary press, and the pressures which influence the manufacture of news are considered. Chapter five looks at the conflictual industrial relations of Fleet Street, and the impact of new technology.

The final chapter considers the alternatives facing the media: either the further concentration of electronic ideological power of the multinationals, or a democratic struggle to achieve a socialised media.

THE LIBERAL THEORY OF PRESS FREEDOM AND THE ELIMINATION OF THE LABOUR PRESS.

The widely accepted orthodox version of press history is that the British press attained its freedom during the middle decades of the 19th century, when it was gradually released from the legal and fiscal controls by which the state had sought to control the press and restrict its readership. According to this view the expansion of advertising revenue provided the indispensable foundation for the economic independence of the press:

"Since sales were inadequate to cover the costs of producing a paper, it was the growing income from advertising which provided the material base for the change of attitude from subservience to independence. The chief methods by which governments could influence the press - a direct subsidy, official advertisements, and priority of intelligence - were rendered less effective because proprietors could afford to do without them The growth of advertising revenue was the most important single factor in enabling the press to emerge as the Fourth Estate of the realm." (Asquith, 1975, p.721).

This version of press history legitimates and sustains the liberal market based theory of press freedom, which has proved of pervasive and enduring influence in protecting the capitalist press from politically initiated reform or significant change in any way. Thus the first post-war Royal Commission on the Press declared, "As long as newspapers are sold to the public for less than they cost to produce, they will need a supplementary source of income. Of the various possible sources of income, the sale of their space to advertisers seems to us to be one of the least harmful its receipt creates a relationship both remote and impersonal." (RCP, 1949, p.143)

The two subsequent Royal Commissions stressed the difficulty of detecting

advertising influence upon editorial content, and broadly concurred with the judgement that undue advertising influence was limited.

(RCP, 1962, p.87; RCP, Final Report, 1977, pp 104-5). Despite the official consensus a penetrating challenge to the orthodox interpretation of the history of press freedom has been mounted by the work of James Curran, who has convincingly argued the need "not only to re-examine critically the accepted view of the historical emergence of a 'free' press but to stand it on its head. The period around the middle of the nineteenth century did not inaugurate a new era of press freedom and liberty: it introduced a new system of press censorship more effective than anything that had gone before. Market forces succeeded where legal repression had failed in establishing the press as an instrument of social control, with lasting consequences for the development of modern British Society." (1977, pp 197-198).

The original aim of press taxes was to restrict readership of newspapers to an elite, and to restrict ownership of the press to the propertied classes. The control system of the state failed, for in the early decades of the 19th century, a radical working class press flourished with a circulation of about 200,000 and a readership of four million, which successfully evaded press taxes. The radical unstamped press circulated freely among working people, was read in communal gatherings focused upon their common experiences, and defined the prevailing social reality as a process of exploitation which could be resisted, rather than preaching passive acceptance:

"The radical press was important in reinforcing a growing consciousness of class and in unifying disparate elements of the working community partly because its leading publications were national media, providing national coverage and reaching a national working-class audience. It helped to extend the often highly exclusive occupational solidarity of

"the new unionism" to all other sections of the labour community by showing the common predicament of unionists in different occupations and in different trades throughout the country. Workers struggling to establish an extra-legal union in their locality read in the radical press in 1833, for instance, of similar struggles by glove workers in Yeovil, cabinet makers and joiners in Carlisle and Glasgow, shoemakers and smiths in Northampton, bricklayers and masons in London (to mention only some) as well as the struggles of workers in Belgium and Germany. Similarly, the radical press helped to reduce the geographical isolation of local labour communities by showing that localized agitation -whether against the Poor Law Commissioners, new machinery, longer working hours or wage cutting - conformed to a common pattern throughout the country. The radical press carried news that none of the respectable papers carried, it focused attention on the common problems and identity of interest of working people as a social grouping, and it coalesced disparate groups fragmented by primitive communications and sectional affiliations into mass working class audiences. It was in the words of the Chartist leader Feargus O'Connor, "the link that binds the industrious classes together". (Northern Star, 16 January 1841). (Curran, 1977, p.203).

The reduction in stamp tax of 1836 is often held up as a major reform, when in fact the penalties for evading taxation were increased by this measure, which made it difficult for the radical press to continue their evasion of the tax. Before only the establishment papers paid stamp duty, the radical papers could keep their costs down by evading the duty, and paying the nominal fines when caught. The philosophy behind the reform was made clearer in 1853 and 1855 when advertising and stamp duty were lifted completely allowing the reduction of the price of the establishment press and the wider dissemination of what the authorities

considered to be 'sound doctrines' among the working class. The radical press had been sustained by a high retail price, and without advertising revenue was free to criticize and attack the system of industrial capitalism. But in the second half of the century the radical press came directly into competition with the cheap mass newspapers which received substantial revenue from commercial advertising which was denied the radical press.

Competitive pressure sharpened severely with the concentration and technical developments in the press of the late 19th century. Previously the low launch costs of newspapers and the limited capital costs of printing machinery, made it possible for working class political groups to own and control newspapers. For example The Beehive was launched in 1862 with capital of less than £250 raised by trade union organisations. But with the development of linotype composing and mechanized printing presses, there was a serious rise in fixed capital costs. Economies of scale benefitted the major publishers and printing companies as production and newsprint costs increased. Pagination also increased, along with increased editorial, publicity, and circulation charges. The rise in costs necessitated a rise in circulation levels, and the break-even point was raised further as newspaper prices were successively reduced. Newspapers came to cost a lot more to produce than the price at which they sold, therefore increased circulation meant increased losses unless there was increased advertising, which came to contribute half or more of total revenue. (Curran, 1977).

The rise in the costs of publishing national newspapers entailed in this competitive process meant that ownership and control of the press gradually passed solely into the hands of the capitalist class. And as the radical press was gradually absorbed or eliminated, all of the new generation of national popular newspapers founded at the end of the

19th century, and the beginning of the 20th century, commencing with Northcliffe's Daily Mail in 1896, were on the right or extreme right of the political spectrum. At this time proprietors bought and sold national newspapers in rapid succession, and editors found themselves engaged in playing ideological musical chairs, as the ownership of their newspapers passed from Tory to Liberal, and then back to Tory proprietors. (A. Smith, 1977, p.193). Not only did wealthy proprietors now own and control the press, but advertisers had assumed a role which Curran defines as that of a de facto licencing authority: in order to commercially survive newspapers needed large amounts of advertising revenue, and to secure this revenue they had to provide an editorial stance, that would not be objectionable to advertisers in general. (1977). The founding by the labour movement of the Daily Herald and the Daily Citizen was part of a determined attempt to resist the proprietorial and advertiser domination of the press, though ultimately, the failure of both labour papers only confirmed the trends they were fighting against.

The first real test of the mass circulation proprietorial popular press came with the First World War, the tragic turning point of Western industrial civilization. Philip Knightly, a Sunday Times journalist, in his book on war correspondents, 'The First Casualty', (the first casualty being the truth,) documents how during the war, to prevent any lessening of the war effort, more deliberate lies were told than in any other period of history. Lord Northcliffe, the proprietor of both The Times and the Daily Mail, became the director of propaganda in enemy countries, and Lord Beaverbrook, who having acquired a taste for propaganda, later acquired the Express newspaper empire, headed the Ministry of Information. Knightly vividly records how, "As the war progressed, as mechanized slaughter reached a scale never before envisaged (nearly 10 million killed in the fighting or as a direct

result of it, 21 million wounded), and as a rotting corpse on barbed wire became a symbol of a world gone mad, so the propaganda machine that had made possible the transition from peace to war multiplied like a tumour on the brain of Europe." (1975, p.84).

For example in August 1914 at the Battle of the Frontiers, a German victory wiped out about 300,000 French soldiers, or nearly 25% of the combatants, a carnage never before equalled. Yet it remained completely unreported in Britain until after the war was over, The Times official history approved, "Such silence was prudent ... had it been known in England that France had lost more than a quarter of a million men from her regular army in the first month of fighting, British determination must have been gravely weakened." (Knightley, 1975, p.92). German newspaper readers did not fare better: they were subject to a propaganda campaign which asserted that the Russians had mobilized first, the French had invaded German territory, and the envious English had seized the opportunity to crush a competitor whose commercial and naval superiority had to be forestalled; which made the war generally acceptable. In Britain it is important to note that newspapers did not have to be directly controlled by government, as Churchill recommended in the case of The Times, most only needed a light touch of the rein, as they made it clear that they would back the war wholeheartedly. "Trust the generals", Lord Northcliffe said. (Knightly, 1975, p.94).

The inter-war years saw an intensification of the concentration and monopolization of the newspaper industry by press barons who wielded almost feudal power. The autocracy of the proprietors was scarcely relieved by their acute eccentricity: Beaverbrook and others constantly subjected their newspaper staff and reading public to indulgent displays of their own obsessive fantasies. "He used to dictate messages into a Soundscriber and dispatch them to the paper: 'We have a system you know.

I speak at this end and there is a machine at the other end and it comes out as a leading article.' How charmingly impish it is in retrospect, and how tyrannical and soul-destroying it was at the time". (Hirsch and Gordon, 1975, p.70).

In 1946 the National Union of Journalists successfully called for a Royal Commission on the ownership and control of the press. In the debate in the House of Commons on 29 October 1946 NUJ members explained why their union thought an inquiry necessary:

"They said that journalists were concerned at a tendency towards monopoly in the control of the Press. During the previous 25 years the number of newspapers in the country had decreased and those that remained had come into fewer and fewer hands. Independent provincial papers had been bought up by proprietors owning newspapers in a number of provincial towns and dictating from London a uniformity not only of policy but of contents. This concentration of ownership was incompatible with real freedom of the Press and, in conjunction with the great increase in the circulation of national newspapers, produced a concentration of power in the hands of a few men which was capable of dangerous abuse and was in fact being abused to suppress opinion and to distort news. The increase in the size of newspaper undertakings subjected journalists who were trying to present news and views seriously and responsibly not only to the opinions of individual proprietors, but to the commercial considerations governing the employment of great accumulations of capital. The result was a progressive decline in the calibre of editors and in the quality of British journalism. These developments, the speakers suggested, were likely to continue, and if unchecked would endanger not only the freedom of the Press but the welfare of the country. (RCP, 1949, pp3-4).

In their written evidence to the Royal Commission the NUJ perceptively argued for the acceptance of the press as a public service with clear duties incompatible with market controls:

"We are of the opinion that the production of newspapers cannot be governed by the strictly commercial considerations which govern the making and marketing of other commodities in general demand. Our function is in the nature of a public trust and should be so regarded. We seek above all else, as a body of professional men and women, that the industry in which we serve the community should be directed and managed primarily in the public interest." (RCP, Memoranda of Evidence 1, 1949, p.1).

The conclusions of the Royal Commission predictably were complacent, the Labour Government of 1945-51 exhausted its energy in the struggle to nationalize the coal and steel industry and to create the National Health Service; the opportunity to attend to the problem of the capitalist press which the journalists had demanded was missed, and the labour movement has paid a severe penalty ever since.

Between 1947 and 1960 a total of 17 daily and Sunday papers were closed and there was a national scandal at the takeover of the Liberal News Chronicle by the Tory, Daily Mail. The News Chronicle had a tradition of distinguished radical correspondents and was read by the kind of people who despised everything the Tory establishment stood for: then suddenly these people found dropping uninvited through their letter boxes one of the worst examples of the popular Tory press instead of their own newspaper. The second post-war Royal Commission on the Press met under Lord Shawcross during 1961-62, in its Report the Commission rejected any form of public subsidy, and simply hoped that enterprising management and imaginative editors could save the diversity of the press. (RCP, 1962). That such qualities alone were not enough, was revealed by the elimination in the late 1960s of the last two remaining national newspapers of the left, the Sunday Citizen and the Daily Herald, both of which were progressively strangled by lack of advertising revenue though they had extensive circulations.

The market had created a control system which unlike stamp duty, could not be evaded or defied. This control system had entirely decimated the national radical press by early in the 20th century, and more gradually destroyed the national social democratic press during the course of the 20th century. Before 1890 the three largest newspaper companies had only a small fraction of national newspaper sales, by 1976 the three largest newspaper corporations had 86% of the total national Sunday newspaper circulation, and 72% of the total national daily circulation. (Curran, 1979, p.63). This enormous concentration of ideological force represents a constant threat to the labour movement. The third Royal Commission of 1974-77 under Professor Oliver McGregor was prompted by Labour MPs concern at the overwhelming Conservative bias of the national press, acutely apparent during the general election of February 1974 called in response to the miners strike. Despite a wide brief to examine the economics, concentration, diversity, and industrial relations of the press, the Commission laboured to produce a Report devoid of any conception of the crucial need for structural reform of the press, and the weak recommendations of the Report were justifiably ignored. Presently the market forces which have imposed the cumulative degeneration of the national press are free to continue this process untrammelled.

In the historical development of the national press, therefore, an essential component of working class culture and political activity was almost completely exterminated to be replaced by the dreadful commercialism and cheap vulgarity of the capitalist popular press. This loss has enormous implications for the future of the labour movement, and it is imperative to understand exactly how it took place, which can best be done by examining the career of the Daily Herald. For the metamorphosis of the Daily Herald, is an acute illustration of what occurred in the British press in general during the 20th century.

THE DAILY HERALD

The Daily Herald was a product of the great labour unrest of 1911. It first appeared as a newsheet of the London print unions during an industrial dispute, and in 1912 it was the official strike organ of the London transport workers. Moderate trade union officials had access to the Liberal papers, the activists wanted a labour paper which would reflect rank and file initiatives. The Daily Herald was independent of party orthodoxy, was militant, and debated keenly distributivism, guild socialism, and syndicalism.¹ The Herald linked sections of workers in struggle, as one reader approvingly commented:

"Let anyone consider the influence of the Herald day after day imparting, sub-consciously it may be, its note of rebellion and independence. Day after day its records of the uprisings of the workers give an intimate sense of labour struggling and show the need for solidarity and action on a large scale. Its opposition to paternalism daily reiterated will make labour critical and suspicious of reform dopes like the Insurance Acts, and compulsory arbitration will be examined before being taken."

(Daily Herald, 28 October 1912).

The Herald connected the militant women's suffrage movement with other dissidents, one member of the Women's Social and Political Union maintained that, "What had drawn her into the movement in support of the Herald was the splendid uncompromising spirit manifested towards the women's cause primarily, and also the workers movement generally." (Daily Herald, 10 January 1913).

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1. The distributivists called for diffused property ownership as a necessary counterweight to capitalist wage slavery and state collectivism, the syndicalists looked in contrast to revolutionary industrial organization both as the agency of social emancipation, and as the embryo of a new social order. (Holton, 1974, p.353; Holton, 1976). Guild socialism was a predominantly middle class philosophy which briefly emerged at the time in response to syndicalism: "it is neither revolutionary nor reformist. It is neither Utopian nor realist. It hovers in a state of uneasy equilibrium between the medievalists and the revolutionaries." (Mellor, 1921, pp401-2).

The success of the Daily Herald startled the labour establishment, who launched an official labour paper, the Daily Citizen in 1912, to enable the Labour Party leadership to reassert and develop support for its policies. Bob Holton has compared the Herald and the Citizen in an illuminating article which clearly displays the contradictory tension between the rank and file members and the leadership in the labour movement. (1974). The Citizen sought respectability and acceptance, wanted to harmonize the relations between labour and capital, and served as an agency of social control over the labour movement. The editorial policy confirmed Labour Party pragmatism and focused upon the parliamentary leadership in Westminster. Among the Citizen's testimonials in the first edition was one by Lord Northcliffe who appreciated the implications of the paper in creating a "representative press." The Citizen stressed that strikes should be a last resort and unreservedly upheld the authority of trade union leaders over the rank and file. But the Citizen employed professional journalists who failed to connect with the interests of the organized working class, the editorial had a superficial coverage of labour matters and lacked a convincing *raison d'être*.

The Citizen hoped for substantial advertising revenue, in contrast the Herald relied on grassroots support and rich radical patrons. The circulation of both papers fluctuated considerably in response to national crises the Herald around 100,000 and the Citizen around 150,000. With the onset of war, the Citizen joined the other popular papers in projecting wartime patriotism, the Herald was unique in opposing the war, and became a rallying point for anti-war opinion. The Herald was a forum for wide-ranging dissident views, the Citizen, was, in the typical well chosen words of Beatrice Webb, "smug, common and ultra-official". However even a labour paper so dedicated to orthodoxy as the Citizen, failed to attract advertising revenue, and collapsed in 1915. The Herald converted to a weekly and continued as the lone national voice of radical opinion throughout the war.

The Herald was relaunched as a daily in 1919, but though twice the price of its rivals, could not compensate for the lack of advertising revenue, and consistently made losses. After being rescued by the railwaymen and the miners, the Herald was forced into the hands of the TUC and Labour Party in 1922, ceased its role as the campaigning newspaper of dissident movements, and gradually became, as the Citizen before was intended to be, the official mouthpiece of the labour establishment. Yet even in this restricted role the Herald stood out from its contemporaries: only one national daily paper - the Herald - supported the General Strike in 1926. But the degeneration of the paper under commercial pressures developed seriously when a private publisher, Odhams, acquired a 51% share in the newspaper, the TUC being left with 49%.

In an interesting precursor to the Bullock principle, there were nine directors of the new paper: four 'A' directors appointed by the TUC, and five 'B' directors appointed by Odhams. J.S.Elias, the managing director of Odhams was chairman, and Ernest Bevin a member of the General Council of the TUC was vice-chairman. Only 'A' (TUC) directors could vote on questions of 'industrial policy' and 'political policy'. 'Commercial policy' was entirely in the hands of Odhams, and the 'B' directors also had control of the appointment of the editor. This was not thought to be a problem by the TUC; an opinion that was not shared by editors such as William Mellor and Francis Williams who were amongst those dismissed from the post.

While Bevin toured the country offering financial inducements to individuals and their local Labour Party to 'register' new readers, Elias poured millions into advertising publicity for the new paper. In a determined bid to reach a circulation of two million which he felt would finally overcome advertisers resistance to the paper, Elias resorted to

slick merchandizing techniques such as offers of free gifts to new readers, including fountain pens, cutlery and silk stockings. Competitors retaliated with their own free gift campaigns. A temporary cessation of hostilities was broken when the Herald began offering cost price bound sets of Dickens and other books, which prompted another round of free gift mongering. Though the Herald won the race to a circulation of two million, it was soon overhauled by the Daily Express, in 1937. The dramatic increase in the Herald's circulation in the 1930s had been achieved primarily not by appealing to the political sympathy of labour people, but by shallow commercial enticements. And the Herald was still losing money at the rate of £10,000 per week. (G.Brown, 1979, pp8-9). The Herald circulation gradually declined from its peak of over two million during the 1950s, and in 1957 Odhams insisted that the TUC give up its editorial rights. By 1960 Odhams itself was taken over by Cecil King's Mirror group, which became the International Publishing Corporation. IPC promised to publish the Herald for seven years, but just three years later, Cecil King asked to buy the TUC rights to the title, sever the links with the labour movement, and launch a ^{different} newspaper which would "keep continuity with the present Daily Herald readers."

The TUC debate of this proposal in the Congress of 1963 was immensely revealing. Bob Willis and Frank Cousins for the General Council were equivocal and restrained in their approach, focusing on the market problems of the Herald, cautiously accepting some of the arguments of Cecil King and Hugh Cudlipp the editor of the Daily Mirror "that the paper cannot and never will sell so long as it has the name Daily Herald. This, it is said, creates a prejudice in the minds of the reading public and stamps it as a political paper tied to the Movement, and therefore it is not attractive to the general public to buy". (TUC, 1963,p.1). Though distressed at the imminent downfall of the Herald, they were pessimistic about the prospect of gathering support in the trade union movement for the paper, and were prepared to consider

the alternative commercial newspaper proposed by King. In emphatic contrast Finlay Hart of the Boilermakers insisted that "the experience of these three years has shown that we shall never have a Labour-trade union paper, running as we want it to, run by private enterprise We were informed that ... the paper will not sell because of the name. In my opinion that is absolute nonsense. It has nothing to do with the sale of the paper; and you can give it any other name and it will not affect the problem that we encounter. What private enterprise seeks is eventually to destroy the one working class daily newspaper over which the trade unions have certain control."

Hart referred to his alarm as he saw his fellow shipbuilding workers in Glasgow, who were all loyal trade unionists, buying the Daily Record, Express and Mail each morning. Several delegates pointed to what was wrong with the paper, a member of the Tobacco Workers Union argued "that over a long period of time now the Daily Herald has not truthfully reflected either the views of this Congress or the views of the Labour Party. Many of us who, quite sincerely, hold very strong what is termed Left-wing views can never get into the Daily Herald, even letters." This view was supported by J. Parker of the Sheet Metal Workers, "I do not think we are facing up to the situation. Bob Willis appealed at the end of his speech: he said there are eight million trade unionists and we can solve the position if we buy the newspaper. If you were to go to the majority of the trade union branches, I believe, and tell the members who attend those trade union branches that they should buy the Herald, you would get some very rude replies, because the majority of members, the active members, who attend trade union branches do not see a Herald and those of the Mail, the Telegraph and the other daily newspapers

What appeal does the Herald make to the youth of this country? Have a look at the youth on the march at Aldermaston and see how many of

those marchers have a Daily Herald under their arm or in their pockets. Very few indeed. Because again, youth do not see any difference in the policies expressed by the Herald and those of other newspapers. They see them on the Right Many of the youngsters do not see a lot of difference in the policies of the General Council and the Government today."

But it was left to E. Brandon of the Lithographic Artists to make the most penetrating and prophetic analysis:

"I came here as an ordinary rank-and-file member of my trade union and of this particular Congress. I almost feel that I am in a position of stepping in where general secretaries fear to tread. I do not apologise for that. I work on the Daily Mirror and I am deputy F O C of the engraving department, so the machinations of the King Group are something to which I am not a stranger.

Two points that Mr. Willis made have made me think that here are the King strokes again, on a larger scale than when we tried to negotiate with him on behalf of our members. I believe that the actual circulation of the Daily Herald is somewhere round, give or take a few thousand, 1½ million. Now that ain't hay, you know, in any newspaper circulation figures. I agree it is small beer when you think of the 4½ million of the Daily Mirror - God help us ! sales every day. But the fact is this: if King does not get his way, he has decided that the paper will be "run down". It is a lovely word, like "exhibition."

You can run a paper down in two ways: you can let it die, or damn well steamroller it. You have the obvious choice: let it die King's way or let him steamroller it King's way. If, in this new, un-named, rather bastardised version of a newspaper he proposes, he is going to increase pagination - more pages, but he does not say what he is going to have in them - and if he is sincere in his attitude towards the Daily Herald, why cannot he increase their pagination now and help to

save it? Would it be because he does not really want to? I leave that to you to decide.

But to talk in terms of getting a daily newspaper, which will match or out-match the Daily Mirror - I suppose he means in circulation, because it does not require much out-matching in any other direction, unless, of course, you are a Garth fan ... Bob Willis has told you how he is going to get the circulation. He will take damn good care it is not from the Mirror. He does not care a damn where else it is from. Like the rest of the NPA, he does not worry about small newspapers dying. He kills them and sheds crocodile tears all over the front page about the "demise of our famous contemporaries" ! People of that ilk we know damn well. He kills them by the price he is charging for the paper ...¹

But with eight million people represented in this hall, if we allow our only newspaper to die, then we deserve what King will give us and I know what that is - damn all !" (TUC, 1963, pp iii - vi).

Cecil King got his way, the Daily Herald was stopped in 1964 and was replaced by the supposedly radical Sun aimed at the middle market, which was an anodyne commercial product it was hoped might attract the advertisers repelled by the politics and the readership of the Herald, as a company memorandum confided, "The new paper is to have the more representative make-up essential to advertisers." (Curran, 1978, p.260). The IPC Sun alienated the committed readership of the Herald, and failed to find the loosely defined 'social radicals' the marketing experts aimed at. Not wanting to transform the Sun into a competitor to the Mirror, IPC sold the paper to Rupert Murdoch's News International. The Murdoch Sun pursued trivialization with a single-mindedness no other popular newspaper had ever dared, and with massive advertising campaigns ironically

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1. IPC is owned by Reed International which is the largest supplier of newsprint in Britain.

succeeded in becoming both a rival to the Daily Mirror and in exerting a strong downward pull in the editorial standards of all the popular papers. In February 1974, the Sun, which began life as the strike bulletin of the London printers in 1911, came out vehemently against the miners strike, and recommended its three and a half million readers to vote Conservative in the General Election. It has not deviated from that narrow path since. The metamorphosis of the Daily Herald/Sun is the most poignant illustration of the dynamics of the popular newspaper market:

"The characteristics of the old Daily Herald that commanded intense loyalty amongst its regular readers and made it such a distinctive voice in popular journalism rested on a market base similar to that of all the quality newspapers - a socially homogeneous audience with shared values and understandings. Its reduction to a well-processed commodity with a universalized appeal to a heterogeneous mass audience was the inevitable price that had to be paid in a market where quantity is the only bankable alternative to social quality." (Curran, 1978, p262).

The Daily Herald was a popular newspaper, but in contrast to the entertainment sheets of the capitalist press, the Herald paid serious attention to current affairs: "The Daily Herald devoted more of its space to political, social and economic affairs than any other mass circulation daily, and at one time during the post-war period more than any other quality daily. It was, in fact, the foremost quality newspaper of the working class". (Curran, 1978, p255). The loss of the Herald was a symbol of the disintegration of the cultural tradition of the Labour Party, and the accelerated erosion of its base as a mass movement. The decline of social democracy has paralleled the emergence of the highly varied and energetic revolutionary press of the new left, for example Socialist Worker and Socialist Challenge, and the proliferation of rank and file trade union newspapers, which have attempted to recreate

a more vibrant and relevant socialist alternative. But the circulation of the revolutionary press remains small to that attained by the Herald, and they are continually confronted by the commercial problems which crippled the Herald.

A recurrent theme of the orthodox autopsy of the Herald was that expressed by Sir Dennis Hamilton of The Times, who argued, "the Herald was beset by the problem which has dogged nearly every newspaper vowed to a political idea: not enough people wanted to read it." Yet at the time of its death the circulation of the Herald was 1½ million, three times the circulation of each of the three quality newspapers including The Times. Moreover, as Table 1 reveals, unlike the qualities, the Herald was read by relatively poor working people who passed it around to their workmates, friends, and family. It has been estimated that the readership of the Herald at the end was 4.7 million people, twice as many as the readership of The Times, Financial Times, and Guardian put together.

Table 1: Readership of selected national newspapers, 1963-4

	..	Total number of readers over 15 years old '000	Proportion of readers of social grades .			
			AB %	C1 %	C2 %	DE %
Daily Herald	...	4744	3	10	48	39
Guardian	...	954	45	31	15	8
The Times	...	917	51	25	17	8
Financial Times	...	552	59	28	9	5

National Readership Surveys London: Institute of Practitioners in Advertising July 1963 - June 1964) tables 1A and 18A.

. Social grades were classified as follows:

AB upper middle class and middle-class-
 C1 lower middle class
 C2 skilled working class
 DE semi and unskilled working class and 'those at the lowest levels of subsistence (Appendix E.p.139).

Source: Curran, 1978, Table 11.6, p.253.

Surveys conducted by both Odhams and IPC management showed that the Herald's readers were the most committed and intensive of any newspaper audience in the country. But the Herald received less than half the advertising revenue of the Mail and the Express per 1,000 readers. During the post-war newsprint rationing when there was a shortage of advertising space, the Herald received an equal share, but as soon as it was possible for advertisers to discriminate against the readership of the Herald, the paper lost advertising revenue. Though in 1964 it had 8.1% of the total national circulation, it only received 3.5% of the total advertising revenue. (Curran, 1978,p.251).

The Daily Herald at its origin was the militant representative of the organized working class, and in its maturity was the steady, if staid, representative of the established Labour Party and trade union movement. In the words of Curran "The Daily Herald, the lone consistent voice of social democracy in the national press, died because its readers were disproportionately poor working class and consequently did not constitute a valuable advertising market to reach." (1977,p.225).

CHAPTER THREE

THE POLITICAL ECONOMY OF THE CAPITALIST PRESS I: OWNERSHIP AND CONTROLCONCENTRATION AND CONTRACTIONPrivate Ownership of Press Freedom

In capitalist societies the national press is invariably under private ownership, with proprietors enjoying all the rights associated with private property. An extreme expression of this position was given by W.P. Hamilton of the Wall Street Journal who said: "A newspaper is an enterprise owing nothing whatever to the public interest. It is emphatically the property of the owner, who is selling a manufactured product at his own risk." (RCP, 1977, p.10). Though also based on property rights, the liberal theory of press freedom to which successive Royal Commissions on the Press have subscribed, maintains that it is the duty of the press in general to represent the public interest, but believes that this may most effectively be achieved through the medium of the market. Theoretically, the market offers an index of readership demands, and in the competitive pursuit of profit, publishers seek the most efficient ways to discover and meet these demands. If alternatives do not exist it is because there are insufficient resources to provide for them, or too few people who want them, whereas the majority are satisfied with existing provision. Thus the defenders of private capitalism claim that it is more responsive than other systems through the ordinary mechanisms of the market to the wishes of readers. (Murdock and Golding, 1977a, p.114.) In support of this view the last Royal Commission (the McGregor Commission) proffered an elevated quotation by an American judge in 1919: "..... the ultimate good desired is better reached by free trade in ideas - the best test of the truth is the power of the thought to get itself accepted in the competition of the market". (1977, p.109).

A corollary of the supposed freedom to launch different newspapers and compete in the market for readers, is that there is no regulation or guidance concerning the duty of newspapers to reflect the interests of the public, which was endorsed by the Commission:

"The justification is that this freedom produces a sufficiently diverse press to satisfy the public interest by ensuring a broad spectrum of views, and at the same time, meets the individual interest by enabling virtually everyone with a distinctive opinion to find somewhere to express it. Consequently, there is no specific obligation on editors or proprietors to have regard, in what they publish, to the need to meet either the public or the individual interest, since the invisible hand of the market is expected to fulfil both." (RCP, 1977, p.9)

Thus unlike broadcasting, the press is free to be partisan, since supposedly all important views will be represented in the different papers competing for readers. Whereas in broadcasting, the restricted frequencies necessitate ensuring the formality of representativeness. Yet though they are legally obliged to be impartial in the BBC charter and broadcasting acts, there is growing evidence to suggest that both the BBC and IBA systematically violate the acts by presenting selective and discriminatory interpretations of the news in the manner of monopolists. (GUMG, 1976 and 1980.) However, the press does not have to concern itself with such editorial principles, and when the monopoly control and output of the press is examined, the idea of a democratic free market in newspapers is found to be as shallow and deceitful as the idea of a free market in health care or education. The idea of a socially responsive and diversified press is systematically inhibited and destroyed by the present market system.

MONOPOLY
(Broadcasting
Frequencies
Limited)

COMPETITIVE
(DIVERSIFIED)
(Anyone Free
to Start Press)

PARTISAN	Capitalist Press-	Royal Commission view of Press
SOCIALLY RESPONSIBLE (RESPONSIVE)	Broadcasting TV; Radio State Press	(Ideal?)

The mythology of a free market presupposes among other things:

- 1) that there will be a competitive range of services or products
- 2) that the demands of consumers will be the major determinants of supply
- 3) that entry is open to anyone who recognises a gap in existing provision.

As Murdock and Golding maintain, because of the concentration, centralisation and contraction of the press in this century, the British press seriously fails to meet each of these criterion of a free market. (1978, pp.77-84.)

Monopoly

The trend towards monopoly in the British press accelerated rapidly with the lifting of government controls on the use of newsprint in 1956, which destroyed the sheltered market in which a range of

vulnerable newspapers such as the Daily Herald had harboured. Intense competition was renewed for market share of readers and advertising, the effects of which precipitated a major restructuring of British newspaper capital. The peculiar features of newspaper economics benefitted the larger national newspapers at the expense of smaller rivals. As Hirsch and Gordon explain high overheads are unavoidable in newspaper production. To print the first copy a newspaper must have plant, offices, staff and a distribution network. Though 'first copy' costs are immense, with each successive copy the cost per copy falls dramatically until very high circulations are reached, that is newspaper production enjoys increasing returns to scale. (1975, p.41-2.) (Pratten (1971) indicates that the percentage increase in total costs per unit at 50% of the minimum efficient scale of new plant is 720% in newspapers compared to 6% in vehicle production for example.) Newspapers with larger circulations therefore have lower unit costs than papers with small circulations, and may undercut them in price. A more devious tactic to eliminate rivals, deployed with devastating effect by the press barons, was to allow costs to rise as economies of scale accrued: although this absorbed most of the savings through economies of scale, it made it prohibitively expensive for smaller competitors, burdened with similar costs, to enter or survive in the industry. As the bigger newspapers also accumulated a disproportionate share of advertising revenue, newspapers unpopular with advertisers were sent into a spiral of decline in which depleted resources resulted in a reduction in quality and ultimate collapse or takeover. (Engwall, 1978, pp. 88-93.) Thus the emerging monopolies of the national press could be presented in the technical language of economic necessity, bereft of political considerations. (Hall, 1978, p.33.) But abruptly

escalating costs in the 1970s brought the spectre of recurrent losses to the whole of the national newspaper industry which made even the greatest publishing houses seemingly vulnerable, and prompted an anxious search for integration with more secure capital.

Subsidiaries of Multi-nationals

The Royal Commission of 1949 came towards the end of the era of press barons who were presumed to be independent of both government and other economic interests, and proudly stated that "it is undoubtedly a great merit of the British press that it is completely independent to outside interests and that its policy is the policy of those who own and conduct it." (RCP, 1949, p.149). Since then, as James Curran reveals in his brilliant critique of the work of the press commissions, the national press has either been bought by multinational corporations, or newspaper companies themselves have diversified on a multinational basis:

"Seven multinational corporations with interests in oil, transport, mining, construction, engineering, banking, and other economic activities extended over five continents controlled, in 1976, 282 British newspapers and over 270 British magazines with an aggregate circulation in excess of 49 million. A large and steadily increasing section of the British press has become the property of international conglomerates which, in addition to their vast economic power, are now in a position to decisively influence the flow of printed news and opinion in Britain." (Curran, 1979, p.60).

Newspaper publishing now represents only a fraction of the total turnover of the multinational companies concerned, and every commercial national newspaper is engaged in extensive business interests outside

publishing. The last Commission was thus forced to admit: "Rather than saying that the press has other business interests, it would be truer to argue that the press has become a subsidiary of other industries". (RCP, 1977, p.148). In a display of delightful naivety the Commission continues: "We welcome the arrangements made by some companies for ensuring that their newspapers are separated editorially and managerially from their other interests". (p.150). The same sentiment is shared by other liberal press commentators, such as Whale, who in a remarkable feat of imagination compared multinational control with the editorial freedom permitted by a newspaper Trust, because "When newspapers belong to big commercial groups with varied interests (like the American oil company to which the Observer passed), the top men have global problems of trade and investment to occupy their minds." (1977, p.74.) In reality, the economic diversification of the press has exposed the illusion that the capitalist press is independent of capital, and in a general sense, of the values and ideology of capitalism: that it is a neutral countervailing force of liberal legend. (Curran, 1979, p.62).

The trend towards concentration in the newspaper industry, has been accompanied by a trend towards vertical integration by which publishing groups have acquired control of paper manufacture, printing and newsagents. Horizontal integration has also developed rapidly as newspaper publishers have acquired substantial interests in the other media, including books, radio, and television, together with interests in the crucial field of electronic communication. As multinationals consolidated their media interests across continents, vast horizontally and vertically integrated international cultural monopolies were created. (Garnham, 1979; Mattelart, 1979). "Core companies have linked cable, satellite and computer technologies to mass media advertising, newspapers and radio and television broadcasting. As a result, communications technologies are more than the infrastructure of a vast

accumulation process, but instruments of world system legitimation as well." (Mosco and Herman, 1980, p.352-3).

Some multinationals however, have remained in a fascinated embrace with newspapers despite the arrival of an electronic age. A string of national newspapers may serve as fine traditional flagships for conglomerates who accumulate most of their funds by engaging in more dubious, and certainly less cultured pursuits. Multinational companies nonetheless, are unlikely to be patient indefinitely with newspapers that are a persistent drain on their resources, however respectable they may be. Spectacular losses by some national newspapers in recent years have required massive cross-subsidies from corporate owners. Between 1970 and 1975, the worst year on record, four out of eight national dailies made a loss, and six out of seven national Sundays (RCP, 1976, p.5); a total loss for Fleet Street estimated at £21 million. (Jenkins, 1979, p.74). The newspaper proprietors responded to these figures with open panic, calling on Peter Shore, the Secretary of State for Trade, to arrange for an emergency Interim Report of the Royal Commission, the establishment of which they had initially opposed. Lord Goodman, the Chairman of the Newspaper Publishers Association (NPA) wrote that they were in "total agreement that, independent of the deep-seated and fundamental difficulties into which the Commission is enquiring, the newspaper industry is currently facing a crisis of unprecedented dimensions and dangers." (RCP, 1976, p.16). (The unforeseen scale of the increases in newsprint and other costs had genuinely rattled the proprietors, but it was tactically useful for them anyway to exaggerate the seriousness of the situation in order to help force through the introduction of cost-saving new technology against determined union opposition.) The apparent decline in profitability

of the national press further undermined the appearance of autonomy, since this meant "managements digging ever deeper into their reserves, running up huge overdrafts or milking their holding companies' non-Fleet Street operations to keep afloat. By 1976, revenue from oil wells was supplying either cash or security for five titles: the Observer, the Sunday Times, The Times, the Daily Mail and the London Evening News." (Jenkins, 1979, p.74). In these critical instances, it was not the readers who determined the survival of newspapers, but multinational companies which made the conscious political decision to subsidise loss-making newspapers.

Philanthropy, Profitability or Prestige ?

The consensus of liberal opinion seems to be that, whatever other motivations are relevant, proprietors sustain newspapers despite serious losses partly out of philanthropy" the spirit of public service never wholly dies ..." (Whale, 1977, p.81). "The evidence suggests one inescapable conclusion: few, if any, of the proprietors see profitability as their sole or primary goal ... A proprietor may therefore pursue a particular editorial policy because of family sentiment. Or he may refuse to close a newspaper which is making substantial losses because it was his father's or grandfather's prize possession." (Sisson, 1975, pp.134-6). "Finally, some publishers are evidently willing to support titles making losses for long periodsthe proprietor may carry on out of public spirit Fleet Street is not an industry noted for rational behaviour." (RCP, 1977, p.50). The supposedly hard-headed Economist too, succumbed to this persuasive explanation, "the pride of the publishing families has usually been stronger than the profit motive. No one would run a British national newspaper purely for profit. Even the small minority of papers that do make money could get a higher return on their capital elsewhere." (23 March, 1974).

The press, in fact, is normally among the most profitable industries in Britain: the belief that the press is impoverished " was more to assiduous cultivation than to reality." (New Statesman, 29 February 1980). The Royal Commission acknowledged that the provincial press in 1974, a poor year, made over 15% return on capital, which was twice that in industry generally. (RCP, 1977, p.31). More recently, profit figures have leapt upwards, as revealed in a statistical survey by ICC Business Ratios, which showed that the newspaper industry was in the top five in the profitability league table for British industry. Over a three year period ending in April 1980, the return on capital employed for national newspapers was 27.6%; in the North and Scotland weeklies had a return of 48.8%. and provincial dailies 36.3%. The Times closure depressed the average figure for the newspaper sector for 1979-80 to 20% but if this is excluded, the sector average return on capital rose to 33%. (Guardian, 2 April, 1981). In the past newspapers have made money fast for proprietors, and as Rupert Murdoch has shown with the Sun and the News of the World with recent annual profits of around £15 million, this is still possible. Parent companies have been able to use newspapers as cash generating machines, as Reed International used the Mirror to fund unhappy adventures in overseas investment. This practice is now common in the provincial press which are used as bases to launch into the printing companies, holiday firms, and property development as well as T.V. and radio, that permit a strong hold on local economies. Profits from newspaper publishing have usually made possible the diversification into other profitable activities, which may in turn be used to subsidise newspapers in times of temporary difficulty. Alternatively, the highly profitable provincial press may be used to subsidise their national parents who have fallen on hard times.

If national newspapers have made losses in the past, the wounds are largely self-inflicted. "Fleet Street is not so much intrinsically unprofitable, as suffering from a stupendous hangover after decades of corporate rapacity and incompetence." (New Statesman, 29 February 1980). In more measured terms the McGregor Commission concurred with this estimate of the corporate carelessness of national press proprietors trading in the soft markets of the middle decades of the century, and the difficulties that ensued when market conditions became tougher:

"Examination of data over a period of years suggests that there is a tendency for newspapers to lose control of their costs when their circulation and profits are rising. Perhaps more important, they find it difficult to regain control by operating more efficiently or tightening budgets if the paper loses its public appeal and circulation falls." (RCP, 1977, p.49).

Whereas the old press entrepreneurs were free to readily win press fortunes and recklessly lose them, the new corporate controllers must subject the newspaper industry to the discipline of profit again. Blaming print workers high wages and manning levels for the losses which are a result of the whole structure of the industry, profit maximising strategies are now being applied by newspaper managements with a vengeance in marketing and circulation, price and advertising policy, together with determined efforts to introduce the new technology and mass redundancies. Until profitability is fully restored national newspapers at least function as part of tax avoidance strategies of conglomerates, thus in 1977 when Trafalgar House bought Beaverbrook Newspapers, annual profits of £40 million were in sight for Trafalgar, and the prospect of paying mainstream corporation tax

loomed on the horizon. (Chester and Fenby, 1979, p.222) In the last analysis, if for a time newspapers do not earn significant profits, they do permit the defence and propagation of the profit making system in general from which multinationals derive their power and wealth. (Enzensberger, 1970).

Capitalists and the Press

This is not to suggest that individual capitalists invariably enjoy an easy relationship with the press. Some capitalist executives experience profound discomfort at the publication of any element of external independent criticism which would not be allowed in their own companies. Captains of industry also can be victims of shoddy editorial standards masquerading as 'investigative journalism', and the taste of the popular press in particular for sensational revelations of scandal in high places. However accusations by business leaders of the intrusion, irresponsibility or impertinence of the press are often based purely on a resentment at the capacity of the press to scrutinize their activities. Similar to capitalists' mistrust of the capitalist state, there is a deep-seated wariness about the mass media:

"Because the media institutions are not simply passive transmission belts of capitalist class propaganda, but instead have a degree of autonomy from both the capitalist class and the state, it allows a limited degree of both news and entertainment content that can, overtly and covertly, challenge specific corporate practices, corporations and industries and specific government policies, agencies and officials. This limited independence, however, looms large in the corporate elite's consciousness. Criticism of specific practices and institutions are viewed as dangerous, creating hostility that can undermine the public's

faith in the profit system as a whole and lead towards infringements on capitalists' freedom. The belief in 'freedom of the press' or the 'marketplace of ideas' as elements of capitalist democracy takes a back seat to fears regarding capitalist's own freedom. As a result, the corporate elite tend to view the media, like they do the state, with distrust and suspicion." (Dreier, 1982, pp 123-4).

Thus the press can identify and criticise individual capitalist miscreants, as the Sunday Times did in a powerful indictment of the Distillers company over the thalidomide affair. Conflict between competing capitals does create opportunities also for the exercise of criticism, as for example, when the Daily Mail condemned Lord Mathews, then chairman of both Cunard and Express newspapers, for proposing to order the replacement for the Atlantic Conveyor from a shipyard in the Far East, though this is frequently merely internecine rivalry. In the last analysis the capitalist press is not able to criticise the capitalist mode of production on which it is itself based nor the class of people who own the press. For the press is locked into the ownership and control system that it must comment upon, both through direct and indirect ownership connections and through interlocking directorships:

"In 1978, for example, nine out of the top ten British communications concerns had directorial inks with at least one of Britain's top 250 industrial corporations, and six had links with a company in the top twenty. In addition, seven out of the ten had boardroom connections with leading insurance companies, five had links with major banks, and six shared directors with other significant banks and discount houses." (Murdock, 1982, p.142)

As the subsidiary status of the press develops, the constraints upon the press increase, and the areas which are open for free comment become subject to a process of erosion, leading to extensive potential "no go" areas for critical reporting. (Ascherson, 1978, p.131).

Concentration as a Threat to Cultural Diversity

When not dispensing sympathy for the supposed financial plight of newspapers, successive Royal Commissions have sought to defend the liberal theory of press freedom, that the free market guarantees diversity of press ownership and consequently diversity of editorial contents, but have faced increasing difficulty in squaring the theory to the statistical evidence. Concentration ratios markedly increased in the spate of takeovers throughout British industry over the last two decades, and by 1968 the top five firms in each industrial sector controlled on average two-thirds of the market. By the beginning of the 1970s major media markets had concentration ratios at or above the average for the industry as a whole. (Murdock and Golding, 1977, p.96). The development of monopoly is most acute of all in national newspapers, where by 1978 the five leading companies accounted for 95% of total daily circulation, and 96% of total Sunday circulation. (Audit Bureau of Circulation, 1978). The share of the three leading corporations alone in 1976, exceeded the two-thirds market share test of monopoly with 72% of total national daily circulation, and 86% of total national Sunday circulation. (Curran, 1979, p.63).

The McGregor Commission itself noted that in 1976 Reed International had 35% of total weekly sales by popular daily and Sunday newspapers, and News International had sales of over 30%; that is two companies enjoyed two thirds of the market share. (RCP, 1977, p.25). The trend towards concentration in the provincial press, which

previously was more diversified, has been equally pronounced in the post-war period. Between 1947 and 1976 the five leading national chains share of the regional evening newspaper circulation increased from 44% to 58% (Curran, 1979, p.64). International evidence on the concentration of press ownership compiled by Nixon and Hahn reveals that the United Kingdom has the greatest concentration of the press of any industrial country (with the exceptions of Ireland and Australia where British ownership and influence has exerted a similar effect), a concentration comparable to that of third world countries where monopoly control of the press is simply one arm of ruling dictatorships. (1971, p.13).

Why such a degree of concentration is a severe threat to cultural democracy is cogently elucidated by Murdock and Golding:

"First, concentration limits the range and diversity of views and opinions which are able to find public expression. More significantly it is those views and opinions representing the least powerful social groups which are systematically excluded by the process of concentration Second, concentration of control over the media into the hands of large conglomerates emphasises production for maximum profit at the necessary expense of other social goals that should be a vital aspect of communication media. Third, such concentration is undemocratic in two senses. It removes the media from public surveillance and accountability, that is it renders them externally undemocratic. In addition the concentration of control further away from the point of production reduces internal democracy within the media organisations themselves." (1977, pp. 105-6).

This coherence of thought was beyond the capacity of the McGregor Commission, and it refused to recommend any extension of monopoly surveillance, commenting lamely "we have not found evidence of abuse of monopoly." (1977, p.134). In the worst instance, the field of womens magazines, IPC and D.C. Thompson in 1975 controlled 87% of the market, yet the Commission could "not detect any indication that monopoly and concentration of ownership in the periodical field constitute such grave danger as to merit further regulation." (p.139).

The monopolists who control the press have extended their interests into the other media, including television, radio and book publishing where concentration has been actively developed. (Curran, 1979, p.66). In the United States the Federal Communication Commission insisted on divestiture where a local monopoly of both newspapers and broadcasting existed, based on the first amendment of the American Constitution which they interpreted as requiring that the public should hear a multiplicity of voices in the interests of free speech (RCP, 1977, p.146). In a peculiar inversion of this logic the provisions of the Independent Broadcasting Authority Act 1973 recommended exactly the opposite for British local radio: in case the advertising revenue of local newspapers was adversely affected by the setting up of a commercial radio station, local newspapers were compulsorily offered a shareholding in the radio company. This has created a situation of interlocking local news monopolies, and though the McGregor Commission recommended that they should be dismantled, nothing significant has been done to achieve this. (RCP, 1977, p.143-6).

Contraction in the National and Local Press

Accompanying the trend towards concentration has been a considerable contraction of the press: in most categories of the press,

national dailies and national Sundays, and provincial morning papers, a little over half the newspapers are in existence which existed fifty years ago. (Curran, 1979, p.67). Successive Commissions have had to search for bits of evidence that the market was capable of sustaining a minimum of press variety. Repeatedly the McGregor Commission commented, "Britain is alone in the world in having nine newspapers circulating all over the country, and this is a benefit which we prize highly", without explaining that rather than a proof of the diversity of the British press, this was only a proof of the fact that Britain has the most centralised press in the world, made possible by its compact size and dense population, whereas other industrial countries have a more diverse press since most of their major newspapers are based in cities or regions. The Fleet Street press account for 65% of the total newspapers bought in Britain each week, with daily sales of 11.9 million popular papers and 2.1 million quality papers in 1976. (RCP, 1977, p.270). The 5 national popular dailies thus compose around 55% of the total national newspaper market, yet the McGregor Commission is forced to concede about these homogenized entertainment sheets, "It is true that one of the effects of present competition among titles, particularly the Sun and the Daily Mirror, and between the Daily Mail and Daily Express, is to make them more alike and so to reduce genuine diversity", and concludes unconvincingly: "But so long as the variety of titles and of ownership continues, the possibility of change remains." (RCP, 1977, p.109).

In their evidence to the 1949 Royal Commission the NUJ maintained:

"In the past the robust public opinion which is the surest

safeguard of democracy has been in no small measure due to the influence of the local newspapers. Every important centre had two or three or more newspapers representing different points of view and out of the clash of contending views there emerged a consensus of well-informed opinion". (RCP, 1949, p.1).

After the disappearance of almost all alternatives in local newspapers the 1977 McGregor Commission wanted to cling to the belief that a free market would promote diversity in the regional daily press at least, but had to reluctantly concede that most evening papers were now impregnable monopolies, that competitive pressures had resulted in a dwindling range of titles and shrinking consumer choice. (Curran, 1978, p.6-7). Now 77 towns in the UK have an evening newspaper, and there is no competition in any of these towns apart from free sheets. The largest ten publishers account for 80 per cent of the total UK evening paper readership. Four companies - Thomson Regional Newspapers, Associated Newspapers, Westminster Press and United Newspapers account for just under half the total circulation. The same four companies dominate the weekly press. Regionally, this pattern of ownership creates several complete monopolies, for example, United Newspapers owns all the daily papers in South Yorkshire. Any remaining chance of some regional diversity of editorial opinion is effectively eliminated by the fact that many local papers share advertising and editorial copy, in extreme cases as much as 80% of editorial copy may be shared with another paper. Finally, the most important source of editorial copy for all of the provincial press is the Press Association based in London. (New Statesman, 29 February 1980). With astounding ingenuousness the McGregor Commission could claim "...the publishers

of monopoly newspapers have stressed to us ... the importance they attach to giving space to minority views," (RCP, 1977, p.110).

In fact not only are critical or dissenting views eliminated by the disappearance of newspapers prepared to present them, but by the economic needs of newspapers that survive: "The increasing conformity of the British quality press, in style and in substance, is an example of this fundamental tendency of oligopolistic competition to serve the centre of the market at the expense of minority tastes." (Hirsch and Gordon, 1975, p.45).

The almost total monopolies in the provincial press are owned either by national chains, which are themselves subsidiaries of international conglomerates, or by families in which the backwoods aristocracy and refined military are heavily represented. Small groups of highly unrepresentative people are thus in a position to control the flow of local news and opinion in whole areas of the country. Monopoly local newspapers are comparable to monopoly radio stations without being subject to public accountability or a statutory obligation to be politically impartial. (Curran and Seaton, 1981, pp.295-6). The 1949 Commission, at a time when the remnants of diversity still existed in the provincial press could see the danger that "the monopolist, by its selection of the news and the manner in which it reports it, and by its commentary on public affairs, is in a position to determine what people should read about the events and issues of the day, and to exert a strong influence on their opinions." (RCP, 1977, p.128). After any element of diversity was eliminated from the provincial press, the McGregor Commission was apparently immune to such considerations, and actually used the existence of monopoly control to excuse criticism of it in the following perverse logic: "It is difficult to judge whether monopoly

has led to inferior editorial performance. The near universal monopoly in daily newspapers and the small number of directly competing weekly newspapers make useful comparisons impossible."

(RCP, 1977, p.129). The Commission proceeded to offer the rationalizations of the publishers themselves, that monopoly gives them financial security and enables a better service by allocating more resources than would be possible under competition, (without the Commission commenting that this always has been the first ditch defence of the most unscrupulous monopolists in history); and incredibly the Commission concluded by calling upon the evidence of a survey of the editors, (of monopoly provincial papers), who when asked if they thought the lack of directly competing newspapers was harmful, 60% of them refused to answer!

Conclusion: The Ruins of the Free Market Defence of Press Freedom

Briefly, the liberal belief in market competition as the key to press diversity, rests upon a profound contradiction: the cost reductions derived from unequal access to advertising revenue, promoted unequal competition. This competition actively reduced press diversity and developed monopoly thereby restricting press freedom. Neither increased efficiency or new technology will resolve this basic problem of unequal competition, which will impose further contraction and concentration upon the press. (Curran, 1979, pp. 65-8).

The cornerstone of the liberal belief in the free press, is the freedom of anyone to establish a newspaper if sufficient demand exists. In practice access to the newspaper market is severely restricted. The entrenched market power of incumbent publications and the heavy costs involved in launching a new newspaper, but also the heavy losses involved during the establishment of a paper are an overwhelming deterrent to all except those who are already in the market, or those

with vast capital resources to support them. (Curran, 1979, pp.68-9). The McGregor Commission recognised that "anyone is free to start a national newspaper, but few can afford even to contemplate the prospect." (RCP, 1977, p.9). In fact the Commission estimated at 1976 prices, that the cost of setting up the plant to publish an evening newspaper of average circulation was at least £2 million, with an additional accumulated loss of £1 million over five years before the paper broke even (p.54). (By comparison the costs of launching a new paper based on plant already in operation are modest, yet there has been a marked reluctance to attempt even this.) It is important to emphasise that this imposing barrier to entry to the newspaper market is not the accidental result of the operation of newspaper economics, but part of a deliberate strategy on the part of those dominant in different market sectors to eliminate old rivals and prevent promising new entrants. In the circulation wars earlier in the century Northcliffe and Beaverbrook both allowed costs to rise, including wages, as a way of squeezing competitors out of business. (Jenkins, 1979, pp. 62-64). Proprietors in the provincial press have been no less ruthless:

"Newspaper companies have worked hard to eliminate rivals - but by the deployment of financial muscle, rather than journalistic competition. The standard weapon of the large group against the small group, or independent, has generally been the setting up of non-economic advertising rates: a lethally-effective device which can still be deployed against any would be intruder into today's well-established market". (New Statesman, 29 February 1980).

In conclusion, the press in theory is, made responsive and accountable by the process of competition, but restricted market entry, cumulative newspaper closures, and increasing concentration of ownership have coalesced to produce a growing monopoly. The economic transformation

of the post-war press has called into question many of the most cherished assumptions of the liberal theory of press freedom, and successive Royal Commissions have seen their traditional notions increasingly undermined by the evidence they themselves have produced. Standing among the ruins of the free market defence of press freedom, the McGregor Commission reached pathetically for the philosophy of professionalism and public service to protect the integrity of the capitalist press. But the Commission was unable to define adequately what professionalism would mean in terms of the partisan tradition of press reporting, and whilst wishing to transplant the public service ideology of broadcasting to the press, the Commission refused to accept the public regulation and accountability which is essential to it. (Curran and Seaton, 1981, p.306).

The Latest Acquisitions and the Lack of Opposition

The most recent takeovers in the newspaper industry are among the most dangerous ever, since they have reinvigorated and consolidated monopoly by rescuing ailing national newspapers and making them part of massive international conglomerates controlled by aggressive entrepreneurs. In the forward to an Economist Intelligence Unit Report in 1967, Lord Devlin wrote, "The forecast is that before the decade ends, if present trends continue, three more national dailies and one more national Sunday will have gone. They will not be swallowed up by tycoons anxious to foist their own brand of politics on increasing masses. There are no such people." It would be difficult to imagine someone being more wrong. A spate of national newspaper collapses in the late 1970s and early 1980s have been averted by the arrival of a parade of tycoons who have jostled each other in eager bids to

Table 2 Recent Acquisitions in the National Press

	Proprietor/ Chairman	Parent Company	Turnover ¹ £ million	Printing and ² Publishing as % of Turnover	National Newspapers
1	Victor Mathews (Deputy Chairman)	Trafalgar House	600m	17%	Daily Express (1977) Sunday Express (1977) Daily Star (1978) New Standard (1980)
2	James Goldsmith	Generale Occidentale	1,700m+	5%	Now! (1979-1981)
3	Rupert Murdoch	News International	-	65%	Sun (1969) News of the World (1968) The Times (1981) The Sunday Times (1981)
4	Tiny Rowland	Lonhro	1,500m	5%	Observer (1981)

1 Average Turnover 1978, 1979.

2 Estimate

Source: Company Reports 1978, 1979.

secure control of available titles. Undoubtedly the prospects of earning useful profits from assets which previously had been poorly managed was the primary incentive of Mathews, Goldsmith, Murdoch and Rowland, but the opportunity to foist their particularly reactionary brand of politics on mass readership was an important bonus.

Far from fighting this severe degeneration of the independence and diversity of the press, print union leaders were willing accomplices in what they saw as a necessary rationalisation of the structure of national newspaper industry. The sole concern of print union chapels, when a newspaper became vulnerable, was simply to maintain employment through preserving the title under another promising millionaire or multinational. The Labour Government repeatedly capitulated in favour of the reorganisation of the press industry under the single criterion of profitability, and shrank from referring takeovers to the Monopolies Commission.

Victor Mathews: Daily Express and Sunday Express 1977

Early in 1977 Beaverbrook Newspapers was faced with mounting debts and threatening bankers. In search of an immediate injection of substantial funds the executive management decided upon the sale of the only worthwhile newspaper they published, the London Evening Standard, to Harmsworth's Associated Newspapers who were intent on closing it and creating a highly profitable monopoly for their Evening News. During the strained negotiations to arrange this deal between the two longest ancestral adversaries of Fleet Street, both the journalists and print workers were firmly excluded. Dependent entirely upon rumour, the workers at both the Standard and the News feared for their jobs, and a statement that nothing had been signed was finally extracted from Jocelyn Stevens only after the mass occupation of the

Beaverbrook boardroom. Harmsworth refused to do even this, and incensed the News journalists by revealing more in an interview with The Times than he was prepared to communicate to his own staff. The editor of the Standard, Simon Jenkins, wrote in The Times that "the disappearance of the Evening Standard would leave a yawning gap in the cultural and political life of London." (25 April 1977). However, though union leaders from both newspapers asked Roy Hattersley, the Secretary of State for Price and Consumer Protection, to make a reference under Section 58 of the Fair Trading Act 1973 to the Monopolies Commission, he displayed a marked reluctance to do anything. Journalists at the Daily Express and Sunday Express as well as the Standard threatened industrial action unless there was a search for an alternative buyer and an inspection of the Standard's books by an independent accountant.

Harmsworth had expected a difficult fight over the financial details of the takeover and the major redundancies involved, but he was taken by surprise along with the rest of the Associated executives, by the extent of journalistic opposition led by Charles Wintour the ex-editor of the Standard, to the closure of a newspaper with an independent tradition in favour of an evening version of the strident Daily Mail. (An attack by Wintour upon the hereditary origins of Harmsworth's proprietorship prompted the following frank admission of Sir Max Aitken, "the suggestion that the Rothermere line of descent is any different from my own family is fanciful." (Guardian, 6 June 1977). The irony became publicly apparent that Harmsworth who had engaged in the recent Press Charter talks dedicated to preventing "any action or threat of whatever kind from whatever quarter" to suppress news or comment, was somewhat less committed to such fine idealism when it interfered with making money. A correction of a misprint in a Times article added a sharper irony:

"In the first edition of yesterday's Times, the Hon. Vere Harmsworth was quoted as saying that the editor of the proposed new London evening paper would be chosen by the staffs of both existing papers. What he actually said was that the editor 'would be chosen by me'." (27 April 1977). The opposition to the Standard closure caused uncomfortable experiences for several people who prefer to remain aloof from the problems which follow in their train. "Lord Goodman, who had been orchestrating the sale found himself - perhaps for the first time in his long and distinguished career as a negotiator - face to face with some of the people whose jobs he had been negotiating, and to his bewilderment was jostled by workers shouting 'Save our Standards'" (Sunday Times, 1 May 1977).

Building unity between the print workers and journalists of the two papers which had maintained a daily competitive rivalry was a difficult task. In particular the Standard journalists felt protective about a paper which they had a high regard for, and felt close to a few of the management executives who were fighting for them, whereas the News NUJ were better organised and more prepared to take industrial action. The tension between the two sides was so great the first meeting broke down in angry exchanges. (Chester and Fenby, 1979, pp.130-31). Mike Rothwell the FOC of the News tried to build an alliance with union members of the rival paper, which was made more difficult by the fact that the Standard NUJ had withdrawn from their federated house chapel. But by 28 April 1977, the day of the proposed announcement of the Associated management's plans, a joint meeting passed the following resolution:

"That this meeting of FOC's and union representatives of Associated Newspapers and Beaverbrook Newspapers agrees to

resist any proposed merger or selling of any title between Associated Newspapers and Beaverbrook Newspapers which would result in unemployment for any of our membership, and would be detrimental to the reading public in London.

Our aim; therefore, is to maintain two evening newspapers."

In contrast print union leaders did not resist since "most of the union leaders, like Keys (of Sogat) and Dixon (of the NGA), were by now reconciled to the inevitability of the deal As far as the preservation of both titles was concerned it seemed they could not win, so their main objective had been to extract the best possible terms for those who would be made redundant." (Chester and Fenby, 1979, pp.175-77). In fact, the startling intervention of a bid from Sir James Goldsmith for the whole Beaverbrook group provided a temporary reprieve for the Standard. The proprietorial ambitions of Goldsmith had been regarded for some time as a threat on Fleet Street, but now he emerged as a saviour and offered the following syrup, "I will come only if the workers, print unions and journalists want me. But if you do want me, and I want you, observe that I have larger resources even than Vere Harmsworth". (Sunday Times, 1 May 1977). The profound limitations of the rebellion of the Beaverbrook workers were revealed in that the FHC (office branches) could welcome Goldsmith's offer in the hope of "averting the continued concentration of newspaper ownership."

Goldsmith was rejected by Sir Max Aitken in favour of Trafalgar House, a company with more patriotic connotations, and a £1600 million balance sheet. The critical contact, as is often the case in these matters, was made at a racecourse, when Evelyn de Rothschild, a Beaverbrook director, approached Vic Mathews, the

Trafalgar managing director at Sandown Park and asked if he was in an 'acquiring mood'. Trafalgar was a major property and shipping company which had acquired other venerable English institutions such as Cunard, the QE II, and the Ritz, and succeeded in making them profitable again. Trafalgar paid £13.6 million for the whole Beaverbrook Group and Mathews was installed as executive chairman of what became Express Newspapers. "Mathews credentials as a potential newspaper proprietor were not immediately apparent, though like Sir Max Aitken he was a firm believer in capitalism, conservatism and patriotism". (Chester and Fenby, 1979, p.221).

On the question of newspaper control the McGregor Commission had piously intoned, "We have received evidence which suggests that, where newspaper companies are owned by large holding companies, their day to day running, including matters of editorial policy, is almost invariably left entirely to the newspaper subsidiary." The unseemly and disturbing nature of the true relationship between corporate heads and newspaper subsidiaries was openly revealed after the Trafalgar takeover. On 26 June Mathews announced, "I would not allow Trafalgar to interfere editorially or in any other way" (Sunday Times), and two days later elaborated, "One must accept that there must be a relationship between proprietor and editorial and one must have a common purpose and policy, and mine is that Britain is first." (The patriotic incantations of Mathews however, did not stretch into employment policy, as seamen discovered when the Trafalgar shipping line changed many of their ships to a flag of convenience rather than pay National Union of Seaman rates). In an immortal line Mathews later declared, "By and large the editors will have complete freedom as long as they agree with the policy I have laid down". This meant the rapid departure of Simon Jenkins,

the editor of the Evening Standard, and Roy Wright, the editor of the Daily Express. The reason Mathews gave for sacking Jenkins was "a number of little irritating things". (The Times, 14 November 1978). Simon Jenkins described what successive editors of the Express had to endure:

"Mathews would delight in pouring out homespun wisdom, at considerable length often at the busiest time of the day. This would sometimes have to be recreated by a journalist in the form of an editorial. He would hold hour-long post-mortems, and would discuss at length the main headline on the front page. Over the months following his assumption of control, Mathews came to suffer from the most tiresome, and the most common, occupational hazard of proprietorship: a susceptibility to comments made to him at the stream of functions to which he accepted invitations. The editorial content of the Express came to be regarded as his personal responsibility." (1979, p.101.)

Revealing a volatile combination of publishing inexperience and patronising arrogance Mathews freely admitted to shocked television interviewers that he would personally suppress stories which were, in his opinion, harmful to British interests, and, for example, that he would never have allowed a story with the political implications of Watergate to break in his newspapers. (BBC, Platform One, 15 November 1979). In gratitude for this sterling support, Margaret Thatcher soon made him Lord Mathews. (Another of Thatcher's fervent supporters, Larry Lamb, editorial director of the Sun, received a knighthood, as part of the effort to create a new generation of press barons.) Within a few months Trafalgar added 42 magazines to their publishing empire by the acquisition of Morgan-Grampian for £20.5 million. The

suave chairman of Trafalgar, Nigel Brookes, confidently announced he expected £10 million profit per annum from their publishing interests within a couple of years. Initially expectations were disappointed, but the publishing division profits for the six months to 31 March 1981 reached £6.1 million, and compensated for losses in shipping.

Bill Keys the Sogat general secretary said that Mathews was "like a breath of fresh air in Fleet Street." Print workers at the Express were not so enthusiastic when immediately Mathews called for large scale redundancies at the same time as commenting on those whom the chapels regarded as primarily responsible for the malaise of the newspapers, "it is not our policy to make management changes". (Guardian, 28 June 1977). In practise Mathews approach amounted to a pugnacious attempt to browbeat the Express chapels into reducing manning in return for the further investment necessary to maintain the life of Express newspapers. When union defences proved unassailable, Mathews decided the only alternative economy was to publish more newspapers on the same presses. The concept of a 24 hour paper for London and Manchester was raised (ironically involving the return of the printing of the Scottish Daily Express to Glasgow). Intractable difficulties with the 24 hour proposal, diverted interest to the idea of a down-market daily newspaper to compete with the Sun and Mirror. Mathews had promised that the Express would remain a 'family newspaper', but the planners of the new Daily Star were intent on the imaginative editorial concept of "plenty of tits and bums". When it emerged with a million pound publicity campaign in November 1978 the Daily Star "immediately established itself as the tackiest product yet to call itself a newspaper. It was a sort of daily Reveille, with cruder nudes, louder headlines, and dirtier stories than the rest." (Guardian, 27 April 1981). Finally in a deal with Associated Newspapers,

the imposition of a monopoly London evening newspaper was arranged at the end of 1980, with the closure of the News, at the cost of 1,750 jobs and the relaunch of the Standard as the New Standard under joint proprietorship, and betraying many of the signs of degeneration originally feared.

These rationalizations did not succeed in curing the fundamental malaise of Express Newspapers. Despite several changes of editor the circulation slide of the Daily Express into obscurity continued. Initiating a bingo war that was to engulf the popular papers, the Daily Star achieved a sharp increase in circulation up to 1.5 million by June 1981, though this was still far short of projections, and the paper was reported as accumulating the spectacular loss of almost £1 million a month. By this time Trafalgar was losing money on its shipping interests also due to the decline in world trade, and its image as a go ahead successful company was becoming tarnished in the City. In return for an original outlay of £15 million, Beaverbrook Newspapers had brought Trafalgar some lucrative property deals, including the sale of Aitken House in Fleet Street for £8 million, and the proceeds of turning the old Evening Standard offices in Shoe Lane into a massive office complex. But at this point the decision was made to divest Trafalgar of the financial and political embarrassment of Express Newspapers by combining it with Morgan-Grampian in Fleet Publishing and floating the new company off in a share deal with Trafalgar's shareholders.

Nigel Brookes, the enigmatic non-executive chairman of Trafalgar recalled how he had acquired the Express to keep Victor Mathews amused, "It was in May 1977, at lunch at the Ritz, that I persuaded Victor, that we could, and should buy the Beaverbrook Newspaper Group... I must admit that, at the forefront of my mind was the desire to see Victor once again engrossed with a challenge." (Sunday Times, 29 November 1981) Now engrossed in the redevelopment of London's dockland as chairman on the Development Corporation, Brookes had resolved to throw the Express out of the Trafalgar

group.

Jocelyn Stevens, managing director of Express Newspapers, and one of the last remaining people of the Beaverbrook old-guard was aghast, "he felt like a lifeboat being lowered in mid-Atlantic from one of Trafalgar's Cunard liners." (Sunday Times, 29 November 1981). On other occasions Stevens had successfully diverted plans to dispose of Express Newspapers in ways he did not approve, but this time there was to be no reprieve. Though he had worked closely with Victor Mathews, Stevens had annoyed Mathews the previous July by attacking the government's economic policies, (when the CBI criticised the government, Mathews, one of Thatcher's most vehement supporters, withdrew Trafalgar House from the organization). When Stevens insisted he could not support the optimistic profit forecasts prepared for Express Newspapers he was summoned to Trafalgar House headquarters and dismissed. The audacious demerger had been made possible by the 1980 Finance Act which allowed companies to distribute shares in their own subsidiaries to existing shareholders without them incurring immediately a capital gains liability. However serious imponderables remained including the difficulties of making a realistic valuation of the assets concerned, and the possibility that someone, as yet unknown, might try to grab a majority holding in the new newspaper group. (Guardian, 1 December 1981) Lonhro, Associated Newspapers, and Robert Maxwell were all reported as interested predators.

Speculation that Trafalgar was looking for a buyer for the newspapers was emphatically denied by Mathews, but received a rather different response from one rumoured purchaser, millionaire Australian Robert Holmes a Court: "I am interested in any major newspaper that is for sale. I have not yet made a bid for the Daily Express. I would make a bid for the Daily Express, the Sydney Opera House or anything else that interested me, if it was a good business proposition." (Sunday Times, 16 December 1981). (In fact Holmes a Court's interest during the next few months was taken up in acquiring control of Lord Grade's television and film empire Associated Communications Corporation. On being made a

director of ACC having acquired a £15.5 million stake in the company Holmes a Court stated, "I'm not a candidate to be Lord Grade's successor. I have eight other companies to run." (Guardian, 18 December 1981)

Within three months Grade was out and Holmes a Court was chairman and chief executive of ACC. Homes a Court then proceeded to arrange the takeover of ACC by his Australian companies, a bid which Victor Mathews, the fourth largest voting shareholder in ACC and chairman of the ACC takeover committee, was powerless to resist. (Guardian, 23 March 1982)

The divorce of Trafalgar from Fleet Holdings was achieved in April 1982, and Ian Irvine an accountant from Touche Ross, Trafalgar House's auditors, became managing director of the new public company. Lord Mathews stayed on as non-executive chairman of Fleet but the link with Trafalgar was now tenuous. Jocelyn Stevens who had received a reported £130,000 compensation in settlement of his two year contract, had entertained the idea of raising sufficient funds with Graham Sherrin, a disaffected executive of the Morgan-Grampian magazine group, to acquire control of Fleet. However at the launch of the new company he maintained that he no longer had any interest in buying Fleet and commented, " I am rather gloomy about that prospectus, it is far worse than I expected." (Guardian, 27 February 1982)

Lord Mathews conceded that all but £8 million of the £30 million which Trafalgar were pumping into Fleet would be used by loans due by Fleet to Trafalgar. Though Morgan-Grampian annual profits were running at £7 million the losses on the Daily Star approached £10 million, and the Daily Express was running at a deficit of £2 million per year. As Trafalgar recovered its profitability, having escaped the battles of the newspaper industry, the scene was set for the arrival of another promising ideologue with a great deal of cash to spare and an interest in acquiring a newspaper group and a baronetcy.

James Goldsmith: Now ! 1979-1981

Disappointed at his failure to get control of the Observer in 1976, and piqued at his rejection by Beaverbrook though he had held 35% of their non-voting shares, Sir James Goldsmith began to look for another publishing venture, since as Chester and Fenby put it, he wanted to take part in what he termed "the national debate." He did not have "the inclination to serve time on the backbenches of the House of Commons. It was logical that he should want to own a powerful newspaper." (1979, p.88) He was quite open about his ambitions "I want to get into newspapers because I am a politician manque. I want to do exciting things with them, develop them, use them to play a part in public affairs." (Jenkins, 1979, pp 97-98)

Goldsmith's interest in the press had been aroused when he found himself in the spotlight during the rescue of Slater Walker Securities in 1975, and realised the assistance supportive editorials could lend. On the other hand, Goldsmith was stung by repeated attacks upon his exotic business practices and personal affairs in Private Eye, which he found to his chagrin he could not suppress despite the issue of an avalanche of legal writs, including the charge of criminal libel. One reason why his ambitions for the Express group were frustrated, was that although his major company Cavenham had sales of £1,650 millions, recently it had been brought under the control of the French based Generale Occidentale. In shifting 51% ownership of the major food combine overseas, Goldsmith had eradicated the influence of minority shareholders, and there were fears that the same fate might befall

the Express. Goldsmith's huge financial empire was an enigma:

"No one except Goldsmith himself and his closest advisers really understands how this collection of companies and its cross-shareholdings hang together.

And his desire, as he put it, 'to paddle his own canoe', by taking the company out of the public limelight, is likely to leave even more questions unanswered at a time when public corporations,

encouraged by the gradual updating of company law, are generally improving their standards of disclosure." (Guardian, 7 May 1977).

Yet it was the newspaper establishment who blocked Goldsmith. Union leaders were impressed by his financial wizardry, and Roy Hattersley revealed how accomodating social democratic rationality can be:

"Goldsmith has elan and energy and is determined to have political influence. So it's much better to have him in the open as a newspaper proprietor where we can all see him". (Chester and Fenby, 1979, p.208).

Thwarted in his efforts to acquire an established newspaper in Britain and encouraged by the success of the colour magazine L'Express he owned in France, Goldsmith launched the news magazine Now! in September 1979. Now! projected many of the traits of its illustrious proprietor: it was glossy, expensive, superficial, and paranoid in its right wing politics. The magazine was deeply unpopular with journalists, partly because of Goldsmith's vendetta against Private Eye, but Goldsmith expansively declared "If you pay peanuts, you get monkeys", and tried to buy in journalistic talent with £30,000 salaries and Rover cars. The £600,000 promotional material of the magazine claimed that Now! was intended "to appeal to the intelligent, individualistic, informed and influential reader", but somehow a diet of "in-depth exclusives" on Ronald Reagan, the Shah of Iran, Margaret Thatcher and Chairman Hua, failed to excite much

interest. Early in 1981 Goldsmith demonstrated his contempt for editorial freedom by stopping an edition of Now! going to France when it criticised President Giscard whose goodwill he needed in his effort to buy Figaro. The magazine was the only news journal to present a political line consistently to the right of the hard-line Thatcher Cabinet. This fortunately failed to win a viable readership, to the public delight of Private Eye who ran stories of huge dumps of the magazine mouldering in remote airports. With a circulation of 125,000, losses amounted to £2.5 million a year, and after 2½ years the magazine was closed having cost £6 million. Goldsmith said "Like all new products in the consumer area, you have more of a chance of failing than succeeding."

The closure was greeted with a huge sigh of relief by everyone in the media who regarded the strident tone of reaction issuing from its smooth pages as a painful embarrassment. Tom Baistow commented on Goldsmith's fall: "The debacle of Now! is the price of that overweening arrogance and gnawing political ambition which he has been indiscreet enough to reveal like so many self-made millionaires (Lord Mathews of the Express Newspapers and Mr. Tiny Rowland, prospective owner of the Observer, to name but two), Goldsmith believes - or at least believed until his last look at the magazine's books - that money can buy anything, including readerships." (Guardian, 28 April 1981). The abrupt and autocratic closure of Now!, while it bore all the hallmarks of Goldsmith's dealings, sent financial journalists scurrying to discover the true state of Goldsmith's financial empire.

In September 1979 Goldsmith told Forbes magazine, "I don't owe money to the banks, I'm not running for office. I'm not a

public company. I don't give a damn what anybody says: I'm going to do what I think is right. Not many people have that luxury." However Goldsmith seemed to be forgetting that Generale Occidentale was a public company and owed £275 million to the banks, and for example, the major subsidiary, Allied Suppliers, to which Cavenham had changed its name, had 20,000 shareholders. It emerged that strong pressure from institutional shareholders in France caused Goldsmith reluctantly to abandon his costly personal political platform. By now Goldsmith had pulled out of Bovril and gone into oil exploration, and though he claimed he had abandoned interest in a British newspaper empire this is hard to believe. As editor-in-chief of L'Express, Goldsmith revealed in a Guardian article the full virulence of his views:

"For years every strategic centre of British life has been infiltrated systematically by the far left. The purpose has been to undermine, destabilise, demoralise, and, when conditions are ripe, to take over But the far left is not to blame. A healthy body rejects a virus.....It is the unhealthy body that succumbs. The success of the far left has been made possible by the astounding apathy and weakness of the majority..... The majority has traditionally been no more than the carcass on which the extremist minorities have supped..... A contributory factor to the confusion of the past few decades has been the decline of the class that has ruled Britain for so many generations. As with many ruling classes throughout history, Britain's finally went soft. It is a shame that when the Thatcher Government was brought to power by a tide of healthy reaction, by a national desire to really change things, our new Prime Minister, in the cause of Party unity, chose to use

as tools to accomplish that change the amiable residue of a senescent ruling class. Mrs. Thatcher now needs a tougher and more hard nosed team." (23 July 1981).

This is disturbingly reminiscent of the political diatribes in Germany in the early 1920s. It is a frightening prospect that the possessor of such powerfully authoritarian and incipiently fascistic views, should be in a position to take control of a major newspaper to use as a personal vehicle of political propagation.

Rupert Murdoch: The Times / Sunday Times 1981
 Rupert Murdoch was another millionaire newspaper proprietor who made unsuccessful bids for the Beaverbrook and Observer newspapers. Though he had made a fortune from the salacious blend of soft pornography and scandalous innuendo about peoples' private lives which permeated the Sun and the News of the World, he had not gathered much public respect. He was eager to extend his newspaper empire, and the acquisition of a newspaper of some standing might improve his seedy image. Murdoch was the son of an Australian newspaper magnate, and did not allow any liberal niceties to intrude into the exercise of his formidable political power as he pushed his newspapers to the right. His Australian company News Ltd. owned a large string of newspapers, including three of Sydney's five daily papers, and in the 1975 Australian general election Murdoch waged an intense campaign against Gough Whitlam's Labour Government, which caused a strike by journalists in protest at what they felt was news management. A few years later in 1979 Murdoch had problems when he bought a 48% stake in Sydney's Channel 10 television network, since Australian law prohibited more than 15% of the shares of a television company being owned by a foreign resident, and Murdoch's home was entered in

the International Who's Who as New York (Guardian, 27 July 1979). In November 1979, Murdoch was defeated in a bid for the Melbourne Herald and Weekly Times due to the intervention of the Trade Practices Commission worried at the creation of a dangerous monopoly in the Australian media. Murdoch had left Britain despairing of defeating the Fleet Street union chapels, and disgusted at his exclusion by the establishment. In New York he acquired the Post and Village Voice, and other interests. As in Australia and Britain, his American newspapers assumed a new political stridency, for example the Post backed the candidature of hard-liner Ed Koch in the city's mayoral elections against the fierce opposition of some of Murdoch's journalists. (Jenkins, 1978, pp.93-4). At least a dozen New York Post journalists resigned rather than work for Murdoch, Robert Lipsyte, one of them, resigned because he was "denied the freedom to have opinions in counterpoint to the paper's policy". And Rupert Murdoch decided the paper's policy, as journalists were reminded during his daily visits to the newsroom. (Guardian, 1 November 1977).

Early in 1981 Murdoch crowned his global newspaper empire by grabbing control of the two most influential newspapers in Britain The Times and the Sunday Times so quickly that any effective public debate was forestalled. The International Thomson Organisation had failed in the attempt to force the new technology through at The Times and Sunday Times by the blunt means of a protracted lock-out, lasting from 30 November 1978 to 14 November 1979 at a cost of £39.9 million. Faced with the continued militancy of both journalists and print workers, the new Lord Thomson wanted to extricate himself from the promise given by his father to the Monopolies Commission in 1966

that resources would be made available to Times Newspapers "to enable them to continue publishing these papers as quality papers in the national interest. This undertaking will continue for twenty-one years and will be binding on our successors." Already the younger Thomson had broken the terms of the agreement by moving his home to Canada, but a prolonged inquiry by the Monopolies Commission into the sale of Times Newspapers would have been an acute embarrassment. The substantial losses of The Times made it an unlikely candidate for referral, but the Sunday Times also was sold as a bankrupt concern which enabled the Trade Secretary, John Biffen, to decide not to refer the acquisition by Murdoch to the Monopolies Commission. (An investigation of the accounts of the Sunday Times by the New Statesman revealed that the paper had in fact made a profit of £1.4 million in the previous year.) For just £12 million Murdoch had not only entered the British establishment, he had bought two of its foremost institutions. Journalists on the Sunday Times considered challenging the decision in the courts, but in the event, were satisfied by minor changes in the articles of association of the company, purportedly safeguarding the position of the independent national directors and editorial independence. The print unions mounted no opposition to the deal. As the New Statesman acidly concluded about the affair: "In the true spirit of corporatism, the future of our supposedly free press is now being stiched up in wheeling-and-dealing between union bosses and newspaper barons - whose terms of dispute and negotiation do not include anywhere the public's right to buy competent, honest and plurally-owned newspapers". (13 February 1981).

The McGregor Commission maintained an important sign of diversity in press proprietorship was that: "No proprietor publishes both a

popular and quality newspaper". (RCP, 1977, p.25). Less than four years later Rupert Murdoch had simultaneous control of the two most prestigious quality newspapers in Britain, The Times and the Sunday Times with over 20% of the quality market, together with the two biggest circulation British newspapers, the Sun and the News of the World with over 30% of the popular market. It is too soon to assess the political influence Murdoch will gain from the greatest concentration of newspaper power in the history of Fleet Street, but one of his first targets a few months later in an address to the Advertising Association was the British establishment. "who don't like commerce. They distrust money. They despise business, they create the social and psychological currents which have done so much damage to Britain and its willingness to change. They have helped to make profit a dirty word." That he might take the editorial safeguards of The Times deal somewhat less than seriously was also hinted, "We hear a lot from editors about the freedom of the press and they are right about some of the limits. Who am I to disagree? After all, as you know, at The Times I am supposed to kiss six national directors on both cheeks before I speak with an editor." (Guardian, 25 April 1981).

The galloping acquisitiveness of Murdoch was not in any way exhausted by the Times Newspapers purchase, and within months he launched a £22.75 million bid for Fontana/Collins the largest remaining independent book publisher in Britain. Having acquired 30.4% of the shares in the company from a member of the Collins family, Murdoch made a bid for the rest of the shares which involved him doing business again with his old adversary Robert Maxwell, who had bought a 9.4% stake in Collins some time before. Early in 1981 Maxwell had become chief executive of the British Printing Corporation which specialised in gravure colour printing and had the major

contract to print the TV Times and Sunday Times colour supplement. Murdoch attempted to take the Sunday Times magazine contract to News International's own printing house Bemrose, which prompted the threat of court action from Maxwell. At this point their feud was forgotten in favour of mutual self-interest: Maxwell was sold Bemrose for £3 million, and received the Sunday Times contract until 1987, plus a two year contract to print the proposed colour supplement for the News of the World; Murdoch bought Pergamon Press's 9.4% share in Collins for £873,000. However neat an arrangement, both proprietors soon faced slight setbacks. Maxwell became engaged in a major dispute at the Park Royal works of BPC who printed the 4.3 million copies of the TV Times when Sogat refused to accept serious redundancies, and he called in the receiver. Murdoch found his offer for Collins blocked by the determined opposition of the Collins board backed by the leading Fontana authors and both the institutional and small Scottish shareholders. However, having been offered two seats of the Collins board, Murdoch gracefully withdrew his bid in the knowledge that under takeover rules he could either secure a creeping control over the publishers by acquiring an extra 2% of shares each year, or make another full bid a year later.

Meanwhile the tenure of Murdoch at The Times was anything but peaceful. Huge losses of the order of £20 million in 1981 at Times Newspapers were a heavy drain on the resources of the Murdoch media empire. Unless dramatic economies could be rapidly achieved the possibility of liquidation was real, and in an apparant bid to retain control of The Times and Sunday Times titles they were quietly transferred from Times Newspapers to News International in December 1981. The British establishment were outraged when two months later they learned of the fate of their favourite masthead, and the fact that the independent national directors Lords Dacre, Greene, Robens, and Roll, appointed at the time of the Murdoch takeover to protect the editorial

integrity of the paper from undue proprietorial interference, had not even been consulted. A News International executive claimed that the company's "extremely expensive legal advice was still that it had acted within its rights," but after talks at the Department of Trade with John Biffen, the Trade Secretary, Murdoch beat a hasty retreat and transferred the titles back to Times Newspapers. (Guardian, 19 February 1982).

Undeterred by this setback Murdoch continued with his campaign to secure a further 600 redundancies at Times Newspapers in order to slash labour costs. The brunt of this cut was aimed at the NATSOPA clerical chapel where 371 redundancies were required, and when a sufficient number of volunteers did not come forward 210 notices of dismissal were issued. An intense dispute was politicised by the realisation that it was partly an effort to break the power of the militant NATSOPA FOC Barry Fitzpatrick. The NATSOPA chapel refused to be decimated in this way, and when murmurs of support came from the NATSOPA chapel at the Sun, Murdoch was forced to compromise. Still, in the space of a year, Murdoch had succeeded in cutting 1,000 full time posts from a total of 3,200 at Times Newspapers, and 1,000 casual shifts from a total of 3,500, with a saving of £11 million per annum. (Financial Times, 20 March 1982).

If he had met with some success in restructuring the industrial relations of Times Newspapers, Rupert Murdoch was less satisfied with his efforts to reshape the editorial line of the two newspapers. Originally he had denied any such ambition, "I am not seeking to acquire these papers to change them into something entirely different," and the guarantees seemed to protect the papers from any proprietorial change of mood. First signs were promising as Murdoch appointed Harold Evans, who had helped transform the Sunday Times into an informed, investigative newspaper, as editor of The Times, describing him as "one of the world's greatest editors." The honeymoon was soon over: in an effort to revitalise the

Times rather staid editorial style, Evans made advantage of 50 journalists acceptance of voluntary redundancy terms in September 1981, by hiring 54 more on bigger salaries including four assistant editors. Though a more original and socially aware Times began to emerge, the slow gain in circulation from 274,000 up to 307,000 was not enough to assuage the anxieties of Murdoch about the political agnosticism that was creeping into the paper, nor calm the old guard among the editorial staff who felt their ability and achievements were being questioned, for Evans "had inherited a deeply traditionalist and self-centred institution, conscious (perhaps over-conscious) of its distinctive history." (Observer, 14 March 1982)

Murdoch had placed Evans in a difficult position, and then proceeded to exploit Evans' vulnerability. One of the guarantees that had been offered was "an annual budget for editorial space and expenditure," and within these parameters the editor would be free to operate without interference. However no recognisable budget was set, and though Murdoch approved the major items of Evans' expenditure, this did not stop him criticising Evans' extravagance. The guarantee not to intrude in editorial decision making did not stop Murdoch frequently discussing editorial matters with Times journalists when Evans was not around. The insecurity of Evans position became so pronounced that Murdoch was forced to issue the following statement of the front page of The Times of 11 February 1982: "Reports in competitive newspapers that Harold Evans is about to be replaced as Editor of The Times are malicious, self-serving and wrong. Mr Evans outstanding qualities and journalistic skills are recognised throughout the world, as are his improvements to The Times over the past twelve months." Predictably enough, just over four months later the following announcement appeared on the front page of The Times: "Mr Harold Evans has today submitted his resignation as Editor of The Times. His resignation has been accepted by the Board of Times Newspapers Limited." (16 March 1982)

In the intervening months between these two announcements, one of the most protracted and embarrassing efforts to get rid of a national newspaper editor had been made, which was celebrated in a delighted special Private Eye Memorial Issue: "Dame Harold Evans: A Nation Mourns." (26 March 1982) The ambivalence between Evans and Murdoch had existed at the time of the original takeover of Times Newspapers by News International when at first Evans had been involved with a rival consortium to rescue the papers and preserve their journalistic integrity, but then abruptly changed sides after procuring the supposed guarantees of editorial independence. As Evans discovered the guarantees did not exactly provide the conditions in which free comment could flourish, as a disturbing Panorama programme put it, "There is an atmosphere of suspicion and fear in the Times building . They are dedicated journalists, but they will only speak off the record about editorial interference by Rupert Murdoch, and management incompetence. It is a testing time for journalists' ethics as well as the viability of The Times." (BBC1, 1 March 1982) Nor had the Sunday Times escaped this malign influence, though a principle of the guarantees stated that the editors of the newspapers would "continue to make all appointments to the journalistic staff, subject to the constraints of editorial budget." Peter Lennon, a journalist, maintained, "Murdoch was responsible for demoting Hugo Young and sacked Ron Hall, the editor of the colour supplement, who was replaced by a News of the World man. Three senior editors have suffered, one demoted, one demoted, and one fired, and Frank Giles the Sunday Times editor simply had to accept it."

The kind of paranoia sweeping through the company's management was indicated by a memorandum from Gerald Long, managing director of Times Newspapers, "All executives of the company are reminded that written authorisation is required for any proposed action, of whatever nature. There is no exception to this rule. Verbal authorisation can never be accepted. All executives must make themselves familiar with

the channels for seeking authorisation for any proposal and must follow them invariably." (Free Press, March/April 1982) (Soon after Long was removed to become deputy chairman of News International, being replaced as managing director by Bill Gillespie who was deputy managing director of the News group newspapers including the Sun and News of the World). (Guardian, 19 March 1982) The fear haunting Gray's Inn Road was summed up in Peter Lennon's conclusion, "I am a freelance journalist, dependent for my living on newspapers of a certain type carrying my stories. By what I have just said, I have wiped out half of my market." (Panorama, BBC 1, 1 March 1982) Another journalist unafraid to talk since he was already about to resign was Anthony Holden, assistant editor of The Times who claimed that Murdoch was furious with the SDP sympathies emerging in the paper, and wanted a line supporting Reagan, Thatcher, and monetarism. Specific articles which had not pleased the proprietor included one by E.P. Thompson on Poland, and another by Ray Buckton on the ASLEF dispute. Editorial policy on race relations and El Salvador were also disliked by Murdoch.

Evans' efforts to resist this proprietorial encroachment were undermined because the majority of established journalists, organized in a body, Journalists of The Times Ltd (JOTT), were more concerned about Evans own impact upon editorial policy than Murdoch's. One of them, Geraldine Norman, explained, "On the one hand people are outraged at the idea that Murdoch is sacking the editor in a high handed proprietorial move and feel he shouldn't be allowed to get away with it. But on the other hand, the paper has been an unhappy place since last year because of the feeling that Mr Evans has been mucking us about - we don't know what's happening to our copy, if its being rewritten, and if we'll still be doing the same job tomorrow." (Guardian, 23 March 1982) Among the editorial interventions of Evans that the staff resented was his tendency to "run things through" his own typewriter late at night with suprising results for their stories.

In order to avoid the involvement of the outside directors Murdoch realised that he had to procure the resignation of Evans rather than fire him. Evans reluctance to go, led to the amusing situation of the proprietor on one side of the Atlantic claiming that the editor of The Times had resigned and the resignation had been accepted by the board unanimously, and on the other side of the Atlantic Evans stoically remaining in the editors seat, and the national directors insisting that they had not been involved in the decision. At this point Harold Evans could have appealed to the national directors for protection and could probably have survived but he declined to do so. Admiration at Evans determination not to be shoved out despite pressure from senior management, and the fact that his successor Charles Douglas-Home had started to tell staff he was now editor, was somewhat tempered by the impression that Evans was predominantly concerned with the size of his severance payment. Initially his lawyers claimed £500,000, but Evans settled on an estimated £260,000. (Four months later it was announced that Harold Evans was to be appointed as an editorial consultant of Goldcrest Films and Television, a subsidiary of Pearson Longman, whose chief executive said they had invited Evans to join them because "we fundamentally think he is a damned good fellow. He has decided to make a real name and career for himself in television." (Guardian, 22 July 1982)

The new editor, Charles Douglas-Home, nephew of the former prime minister, was firmly set in the traditional Times mould, "I am not a quintessential SDP sympathiser like many of my colleagues. I believe, for instance, that we have been too dismissive of this government's economic policies." Though they may have agreed on economics, Douglas-Home was an unlikely choice of editor from a man who a year before had railed against the British establishment and their unwillingness to change, concluding, "It is going to take a lot to break down the

snobbery and shibboleths to reverse the gentrification of Britain."

(Advertising Magazine, Summer 1981). The incongruity had struck Douglas-Home, "I cannot imagine why Murdoch's chosen me; I'm everything he's said to abhor - double-barrelled name, been to Eton, and not an obedient man." (Sunday Times, 14 March 1982) Rupert Murdoch's ambitions for The Times included a rapid and massive increase in circulation up to 400,000 with the long term aim of achieving 750,000 to 1 million. To achieve this the cover price of The Times would be frozen to allow it to cut into the market of the Telegraph, and ultimately to be price competitive with the Mail and the Express, reaching beyond the Times dignified elder readership to the affluent young members of the middle class. (Financial Times, 20 March 1982) It is hard not to escape the conclusion that the former editor of The Times was far better equipped to pursue this strategy than the new editor, but this did not daunt Murdoch's pursuit of a saturation coverage at both ends of the British newspaper market. "The trouble with Rupert," Harold Evans once declared, "is that he thinks he's the greatest newspaperman in the world."

Tiny Rowland: Observer 1981

Finally, Tiny Rowland of Lonhro successfully stormed the last bastion of the liberal establishment, The Observer, in June 1981. The newspaper was sold by David Astor in 1975 to Robert Anderson, chairman of the American Atlantic Richfield Corporation, who had heard the newspaper was on the market through a friend "who happened to be in London at the time." Anderson accepted ownership for a token £1 note, together with the debts of the paper, and delighted journalists by stating The Observer was "one of the world's great newspapers. It must be preserved as an independent and vigorous voice in Great Britain and abroad. I believe that its future can

be as long and illustrious as its past." (Jenkins, 1979, pp. 95-6). By the beginning of 1981 these fine sentiments had vanished and, as the newspaper itself reported Anderson decided to dispose of the Observer, without any consultation with the board of the Observer, the editor, or the staff. (1 March 1981). Rowland had built Lonhro into a huge mining and agriculture multinational with a turnover of £1.56 billion and profits of £84 million in 1979. However, the buccaneering style of Rowland had not endeared his company to the reserved institutional investors in the City, which placed an extremely low market value on Lonhro at £190 million in 1980. This had impaired Rowland's attempt to takeover the House of Fraser, which the City valued more highly, and the bid was lengthily considered by the Monopolies Commission. Clearly Rowland lacked acceptability. The dignified proprietorship of the Observer could help to overcome this social handicap.

The Observer NUJ chapel reacted angrily to the secret deal by which they had been sold to a company they had criticised repeatedly in the past, and called for a reference to the Monopolies Commission on the grounds that the Observer was solvent, and that if Lonhro was allowed to buy the paper that an independent trust be established to run it with adequate editorial safeguards. In a slick attempt to circumvent a reference to the Monopolies Commission, Rowland announced that he would buy a 50 per cent holding in the Observer himself, since the Fair Trading Act conditions only allowed for a referral when a newspaper with a circulation of 500,000 or more was sold to a company with a controlling interest of 25% in another newspaper. Since Rowland himself held only 17% of Lonhro shares he could evade the regulation. The move brought an outraged response from the Observer's editor, Donald Trelford, who in a leading

article directed at Atlantic Richfield insisted that the sale should be referred to the commission, "to attempt to circumvent that opinion by clandestine devices is to flout the spirit, if not the letter, of the monopolies legislation. It is no way for an American company to treat a British government or a British board of directors. At the very least it is discourteous and ill-advised. It is the unacceptable face of multi-nationalism." (22 March 1981).

The outcry was such that a formal reference to the Monopolies Commission was unavoidable, during which it was possible to penetrate some of the depths of Rowland's career. Brought up in Germany, when he was 15 years old Rowland had joined the Hitler Youth "as everyone did" he said. Returning to Britain he served briefly in the British forces. At the end of the war he went into business, and then emigrated to Rhodesia. In Africa he built up mining and agricultural interests, but also newspapers. Lonhro owned the Tanzanian Standard and The Times of Zambia among others, and in both cases, while the newspapers remained the property of Lonhro their editors were appointees of the respective Governments. Later, after the election, Rowland offered to invest £3 million in a daily newspaper which would be wholly loyal to Mr. Mugabe in Zimbabwe, an offer which was treated with some scepticism since Lonhro had previously backed Nkomo, and obviously wished to protect its £50 million assets in Zimbabwe. (Guardian, 2 April 1980). When asked about his relations with newspaper editors in Africa, Rowland replied, "Easy, I simply appoint them on the advice of the local minister of information." (Jenkins, 1979, p.98).

In this context, it was deplorable that a rival bid by the publishers of the Melbourne Age was not considered by Anderson. When

the Monopolies Commission's judgement emerged it was an approval qualified by a number of conditions concerning an independent board of directors and editorial freedom. John Biffen, the Trade Secretary agreed to the sale before any discussion of the safeguards took place which was condemned in a furious editorial by Trelford:

"The so-called safeguards proposed by the commission offer less editorial freedom than Lonhro offered in their own submission, less than Mr. Biffen gave to the editor of The Times and Sunday Times - and less than the editor of the Observer currently enjoys. They are illiberal, unworkable, unacceptable..... The Commission has produced a shoddy report...It is as though it had made up its mind in advance and wriggled uncertainly to its destination past minefields of inconvenient fact. Even worse, however, it claims a faulty and dangerous knowledge of how a newspaper ought to work. This amounts broadly, to an implicit belief that newspapers are too important to be left to editors and journalists. They should be controlled by people of 'character and standing', 'presence and influence', people like well, like the Monopolies Commission."

(5 July 1981).

When Lonhro attempted to select the 'independent' directors, the Observer NUJ chapel insisted that they would refuse to have anything to do with them. Finally, in an exhausting meeting at the Department of Trade, the details of Lonhro's takeover were negotiated between the company and the Observer editor and NUJ chapel. Lonhro would pay Atlantic Richfield £3 million plus a 20 per cent holding in George Outram. Safeguards would be written into the articles of association of the company, including: subject to a proper budget

the editor would retain control of editorial appointments and the editorial content, the editor would retain control of any political comment; instructions to journalists should be given only by the editor or those to whom he had delegated authority. Five independent directors, drawn largely from the higher echelons of media executives, would approve the appointment of the editor in consultation with the journalists, and ensure that there was no proprietorial interference in the accurate presentation of news.

(Observer, 12 July 1981). The conditions were close to those established at Times Newspapers, and reassured the Observer journalists. Whether they are actually capable of restraining a proprietor of the ferocious energy and immense determination of Tiny Rowland remains to be seen.

Resistance ?

Hence the recent catastrophic decline in the independence and diversity of the national press shown in Table has been effected with the minimal amount of resistance conceivable. The regulations applied by the Monopolies Commission are a sieve, incapable of catching anything, even if governments are prepared to exercise their responsibility to prevent newspaper monopoly, which they are not. Proprietors wishing to avoid the awkwardness of a reference to the commission, have the simple expedient of pushing a newspaper into bankruptcy before they dispose of it. Journalists, who one might expect to mount the most tenacious defence of editorial freedom, have proved no more than paper tigers, tamed by the closeness with which they regard their proprietors, an affection which is often responded to with contempt. The admiration of journalists for their brutal and philistine proprietors is difficult to fathom. Even those who should know better, who have studied the impact of proprietors on

the press, such as Simon Jenkins ex-editor of the Standard, display a fascination for proprietors combined with an implicit disdain for print workers; the worst comment Jenkins reserves for Mathews, who signalled his departure from the Standard, was that he "was a building contractor by trade." (1979, p.18). Lewis Chester and Jonathan Fenby, both professional journalists, in another study display an acute infatuation with the life-styles of millionaire proprietors and fatuously conclude, "Like it or not, the history of Fleet Street - and, in particular, that of Beaverbrook Newspapers - suggests that vigorous owners are crucial to the development of vigorous newspapers." (1979, p.243).

With opinions like this dominating their profession, it is not surprising that when Thomson decided to sell to Murdoch, The Times and the Sunday Times journalists lamely submitted to their fate. The principal objections of the Observer editorial staff did serve to delay the Lonhro takeover; but having lived with an American oil multinational for several years, editorial criticism of the influence that the vested interests of Lonhro in Africa might have on the newspaper rang somewhat hollow. As for print union leaders, although they are willing to indulge in the rhetoric of press freedom, they are clearly prepared to settle for the proprietor with the biggest bank roll. Print chapels are often too embroiled in pay negotiations to notice who the proprietor is, an acute illustration of this narrow economism being that the Observer editorial criticisms of the Monopoly Commission safeguards that they were "illiberal, unworkable, unacceptable", did not reach most of the readership because of a dispute over differentials between NATSOPA and the NGA at the newspaper. (Though it could be argued that, generally, the militant pursuit of economic ends by the print chapels represents

a more important constraint upon proprietors than hard-hitting, but ultimately ineffective, editorials.) Thus proprietors have been able to deal in national newspapers as they deal in any other commodity and no effective force presently exists to prevent them.

ADVERTISINGThe Scale of the Advertising Industry

In examining press performance relative to the criteria of a free market: competition, consumer sovereignty, and free access, so far the analysis has focussed only upon the ownership structure. When the effects of advertising are examined further critical limitations are discovered, particularly regarding the idea of consumer sovereignty. Advertisers now make a larger contribution to the finances of the British mass media than do consumers: commercial TV and radio derive nearly all of their revenue from advertising, while newspapers and magazines derive over half their revenue from advertisements. (Curran, 1981,p.45). Flowing from this financial support by advertisers is immense influence over not only the media, but wider society. Pohl and Kornbluth's vision in The Space Merchants of a world dominated by giant advertising agencies which do not stop short of armed warfare in their competitive struggles may not yet have arrived, but advertising has become a major British industry, with a total revenue of £2.5 billion in 1980, and is comparable in size and turnover with other important industrial sectors.

Newspapers alone received £511 million from classified advertisements, and £932 million from display advertisements in 1980. Charles Wintour, an eminent editor of the Evening Standard once said: "No national newspaper would have the slightest hope of economic survival if all advertising revenue were withdrawn from it. To a considerable degree, newspaper managements and advertisers are therefore in partnership". (1972 p.35). This may seem obvious, except that successive Royal Commissions on the Press have been keen to preserve the polite liberal fiction of a "remote and impersonal" relationship between advertisers and publishers, and to conserve the idea that advertisements are essentially neutral and passive, exerting no influence upon editorial content.

Anyway, the McGregor Commission complacently concluded, it would be difficult to get concrete evidence from the victims of illegitimate influence since "it would not be in their interest to speak about the success of advertisers in exerting pressure." (RCP, 1977,p105) In fact there is normally no need for advertisers to exert direct influence upon the media, because acute dependency upon advertising revenue has already shaped the form and content of the media in a manner acceptable to advertisers. Left criticisms of particular examples of deliberate distortion, falsification or censorship in the media due to advertisers influence can usually be refuted, because it is the general structure and operation of the media which is at fault: "advertising patronage is essentially an impersonal means by which Britain's mass media are fashioned according to the marketing needs of the economic system and the class inequalities of power, influence and consumption..." (Curran,1981,p45)

Examination of the statistical data concerning the extent of the advertising subsidy of the press and the rest of the mass media reveals the scale of the problem. Table 3 shows that there has been a steady growth in advertising expenditure from £554 million in 1970 to £2,562 million in 1980, comprising 1.34% of the total gross national product in the United Kingdom. Despite the view that commercial television is draining away the lifeblood of the press, in reality the relative shares of advertising revenue of the press and television have remained relatively constant over the last ten years, with only a slight decline in the share of the press from 49.5% to 45.1% and a slight increase in the share of television from 22.6% to 27%. In America the advertising industry is much bigger still, with a turnover of over \$36 billion in 1980, as Table 4 reveals. The considerable growth of the advertising industry in the US over the last ten years 1970-1980 till it now constitutes 1.6% of total US GNP, indicates that further growth of the industry can be expected in the UK. However even in the US, with hundreds of commercial T V stations, and the early introduction of Cable TV in many parts of the country, newspapers have proved able to retain a majority of advertising

Table 3 Total Advertising Expenditure in the United Kingdom 1970 - 1980

	Total Expenditure in £M			Distribution of total expenditure by media: % of total						Index of Media Rates
	At current prices	As % of GNP	At constant prices	Press Newspapers	Magazines	TV	Radio	Cinema	Outdoor/ Transport	
1970	554	1.27	554	49.5	22.7	22.6	0.2	1.1	4.0	100
1971	591	1.20	544	48.5	22.2	24.2	0.2	1.0	3.9	109
1972	708	1.28	608	49.3	21.0	24.9	0.1	1.0	3.7	116
1973	874	1.36	716	51.4	20.0	24.0	0.2	0.8	3.5	122
1974	900	1.21	667	52.1	20.0	22.6	0.7	0.9	3.8	135
1975	967	1.03	565	49.6	20.6	24.4	1.0	0.7	3.6	171
1976	1188	1.07	567	47.6	20.5	25.8	1.5	0.7	3.6	209
1977	1499	1.19	604	46.5	21.0	26.6	1.7	0.6	3.6	248
1978	1834	1.27	645	46.0	21.4	26.3	1.9	0.7	3.7	284
1979	2137	1.30	651	47.8	22.6	22.0	2.4	0.8	4.4	328
1980	2562	1.34	628	45.1	20.6	27.0	2.1	0.7	4.5	408

Note: Figures include agency commission and production costs.

Source: The Advertising Association; London; J.W.T. Unilever International Co-ordination Group, Journal of Advertising, 1982, p 85.

Table 4 Total Advertising Expenditure in the United States 1970 - 1980

	Total Expenditure in million US dollars			Distribution of total expenditure by media: % of total						Index of Media Rates
	At current prices	As % of GNP	At constant prices	Newspapers	Press Magazines	TV	Radio	Cinema	Outdoor/Transport	
1970	12,940	1.53	12 940	44.1	16.2	27.8	10.1	NA	1.8	100
1971	13,580	1.50	13.580	45.6	15.8	26.0	10.6	NA	1.9	100
1972	15,280	1.53	14,150	45.9	14.9	26.8	10.5	NA	1.8	108
1973	16,460	1.48	14,310	46.1	14.4	27.1	10.5	NA	1.9	115
1974	17,480	1.46	13,980	45.8	14.2	27.8	10.5	NA	1.8	125
1975	18,470	1.41	13,480	45.7	13.3	28.5	10.7	NA	1.8	137
1976	22,250	1.52	14,540	44.5	13.1	30.2	10.5	NA	1.7	153
1977	25,270	1.54	14,690	44.1	13.7	30.1	10.4	NA	1.7	172
1978	29,190	1.59	15,440	43.5	14.0	30.8	10.1	NA	1.6	189
1979	33,090	1.61	15,680	43.8	14.0	30.7	9.9	NA	1.6	211
1980	36,300	1.60	16,500	43.0	13.9	31.2	10.2	NA	1.7	222

Notes: a) 'Magazines' includes from publications and business publications; b) Figures include both agency commissions and production costs; c) The data reported here differ from the usual method of presenting USA figures, primarily in excluding direct mail and a 'miscellaneous category which includes cinema and transport advertising. Source: J.W.T. Unilever International Co-ordination Group, Journal of Advertising, 1982, p86.

Table 5 Distribution of Total Advertising Expenditure Between Media 1960-1980 in the United Kingdom

MEDIA	1960		1972		1974		1976		1978		1980	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
National Newspapers	64	20	130	18	161	18	197	17	295	16	426	17
Regional Newspapers	77	24	188	27	273	30	331	28	483	26	640	25
Magazines & Periodicals	40	12	60	9	71	8	92	8	143	8	192	8
Trade & Technical	31	10	61	9	80	9	103	9	169	9	214	8
Directories (Including Yellow Pages)	2	1	15	2	16	2	31	3	50	3	82	3
Press Production Costs	15	5	44	6	48	5	58	5	96	5	120	5
TOTAL PRESS	229	71	498	70	649	72	812	68	1236	67	1684	68
Television	72	22	176	25	203	23	307	26	482	26	692	27
Poster & Transport	16	5	26	4	34	4	43	4	68	4	114	5
Cinema	5	2	7	1	8	1	8	1	13	1	18	1
Radio	1	0.3	1	0.1	6	1	18	2	35	2	54	2
TOTAL ALL MEDIA	323	100	708	100	900	100	1188	100	1834	100	2562	100

Note: Press production costs are according to the Advertising Association, and do not include all relevant costs.
Source: Derived from M J. Waterson, Advertising Expenditure 1960-1980, Advertising Magazine, Summer 1981, p 38.
(All percentage figures have been rounded off to the nearest whole numbers, except radio in 1960 and 1972)

Table 6 Total Advertising Expenditure By Type 1960 - 1980 in United Kingdom

	1960		1972		1974		1976		1978		1980	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
DISPLAY ADVERTISING												
Press ¹	151	47	270	38	328	36	438	37	644	35	932	36
Television	72	22	176	25	203	23	307	26	482	26	692	27
Poster, Transport, Cinema & Radio	22	7	34	5	48	5	69	6	116	6	186	7
DISPLAY ADVERTISING TOTAL												
	245	76	480	68	579	64	814	69	1242	68	1809	71
OTHER ADVERTISING												
Classified Advertising	43	13	150	21	228	25	255	22	402	22	511	20
Trade & Technical Journals	31	10	61	9	80	9	103	9	169	9	214	8
Financial Notices ²	4	1	17	2	13	1	16	1	21	1	28	1
TOTAL ALL ADVERTISING												
	323	100	708	100	900	100	1188	100	1834	100	2562	100

¹ Excluding financial, classified and advertising in trade and technical journals.

² Company reports, prospectuses and other notices, but excluding display advertising by financial institutions.

Source: Derived from, M.J. Waterson, Advertising Expenditure 1960-1980, Advertising Magazine Summer 1981, p38.
(All percentage figures have been rounded off to the nearest whole number).

revenue, receiving 43% of the total in 1980 compared to 32.% received by TV.

Table 5 shows that although the advertising revenue of the national press has declined over the last ten years to 17% the regional press has been able to retain a 25% share of the total advertising revenue, not much less than the 27% of TV itself. Finally Table 6 shows the importance of display advertisements in the press comprising 36% of total advertising expenditure in 1980. These are particularly vital to the national press, and tend to be large advertisements extolling the virtues of the products of big companies. Classified advertisements are the vital source of revenue for the regional press, which receives 70% of the total classified ads placed in newspapers. Together these tables reveal the ascendancy of advertising in the media industries: that is the advertising industry and media are not in equal partnership, the advertising industry due to the enormous revenue it generates for the media is the dominant partner in the relationship.

Economic Aspects of Advertising Subsidies

Hirsch and Gordon in their book Newspaper Money argue that it is too readily assumed that newspapers will reflect the views and interests of people at large, when in reality it depends on how profitable it is to present those views (1975, p12). The most important determinants of profitability are circulation and advertising revenue: for the national press it is advertising revenue that has essentially determined the two broad strategies, which have dichotomised the national press into two rigid categories, one of privilege and one of deprivation. The first strategy is to aim for a low circulation of affluent readers with resulting high advertising revenue. The second strategy is to go for a high circulation with the consequent relative reductions in advertising revenue because of the low socio-economic position of the readership. "The structure of the modern newspaper, particularly the so-called 'quality' newspaper, has thus evolved in a form that organises

readers into market lots, packaged in suitable editorial material, for sale to advertisers." (Curran, 1978,p.235).

Advertisers will pay six times more to reach a given number of readers of the Financial Times compared with the same number of readers of the Daily Mirror. The only socially accurate test of comparative advertising revenue is the millinch test: that is the advertising rate per column inch per 1,000 readers. This test reveals how advertisers intensively discriminate between readers on the grounds of social class. The Financial Times received 80% of its revenue from advertising in 1974, the Daily Mirror received only 31%. This advertising subsidy enables the quality press to provide a much better service at lower cost to the reader: in 1973 the direct cost of the Daily Mirror each copy was 2.2p, the direct cost of the Financial Times was 16.5p, yet they retailed at only a few pence difference, 5p and 8p respectively. Newspaper executives may insist that advertising revenue is vital to the survival of popular newspapers, but in a very real sense advertising no longer subsidises editorial in the popular press - editorial subsidises advertising: "while, in the quality nationals and the regionals, both display and classified advertising provide a revenue proportionately greater than their share of total paging, the reverse is quite markedly the case with the popular nationals".

(Henry, 1978,p.29). The Financial Times, in strictly marketing terms, has the most successful formula of all: a very low circulation of people who command great private and public spending power and who are therefore the most attractive to advertisers. (Hirsch and Gordon, 1975,pp. 43-63). Between 1967 and 1969 The Times, in an editorial campaign, made the mistake of increasing its circulation from 270,000 to 450,000, for the first time reaching a non-elite readership, costs increased but advertising revenue did not, and an embarrassed Times had to consciously divest itself of its new readers. It must be realised

that the quality papers do not want and cannot afford to have a significant working class readership. Hence the Guardian in a promotion to the advertising industry declared that it was read by "The thinking Rich 85% of them are ABC1 - which is a better percentage than the FT or Telegraph can offer." Its readers were not "down-at-heel extremists without a penny to bless themselves with" but "have bank accounts full of lovely money." (Curran and Seaton, 1981, p130).

Royal Commissions have ignored the damaging effects of advertising revenue in dichotomizing the press; the McGregor Commission for example, resorted to coy adspreak euphemisms to describe the class stratification of the newspaper market:

"The populars are an expensive way of reaching the AB readers because an advertiser in buying space is paying to reach an audience most of which is of no interest to him. This is one reason why the qualities can charge a rate per reader which is substantially above that of the populars. A more important reason is that advertisers are willing to pay more to reach better off and more influential readers." (1977, p.46).

The Commission accepted unreservedly the logic of marketing management, "for attracting advertisers appropriate segments of the market must be indentified". (1977, p.48). The debilitating impact of this logic upon publications will be examined in a moment, but the method of identifying "appropriate segments of the market" is in itself offensive. The newspaper publishers, advertising agencies, and advertisers devote themselves to survey results such as the NRS: "The general objective of the National Readership Survey is to provide such information, acceptable to both publishers of print media and buyers of space, as will be most relevant to the assessment and efficient use of the medium.

Among possible measures, this requires providing a basis for estimating the numbers and kinds of people likely to receive different patterns of exposure to advertisements inserted in individual publications or combinations of publications". (JICNARS, 1979,p.11). To 'efficiently use the medium' and 'expose' people more effectively to advertisements, advertisers break the population down into rigid social categories, beginning with "social grade". The people who would probably be among the first to deny the existence or importance of class inequality, divide the population up into social grades on the basis of occupation, A;B;C1; C2; D; and E "those at the lowest level of subsistence: State pensioners or widows (no other earner), casual or lowest grade workers". Breakdowns of sex, age, region, ITV area, weight of ITV viewing and IBA listening are made, and analysis extends to special interest groups such as petrol buyers, holiday takers, owners of cheque books, possession of consumer durables, and such esoteric classifications as "recent acquisition of power tool (men)". (p.14) Such surveys are intended to sift the population to find those people who have money to spend, to design advertisements and publications exclusively for these people, and to allow the systematic neglect of the less affluent because of their lower advertising utility.

The objection of the McGregor Commission to any form of public intervention in the press was that the market was neutral, whereas intervention was manipulative, involving an element of judgment, effecting the viability of titles, and assisting some titles at the expense of others. (Curran,1978,pp.3-5). Yet advertisers systematically exert this discrimination. The unequal distribution of advertising revenue has produced a politically unbalanced and culturally polarized press. Charles Wintour has claimed, "How far, then, is a newspaper influenced by advertising? On the essentials of political policy there is no influence whatsoever". (1972, p.42). The slight flaw in this argument, is that it conveniently ignores the wholesale destruction of

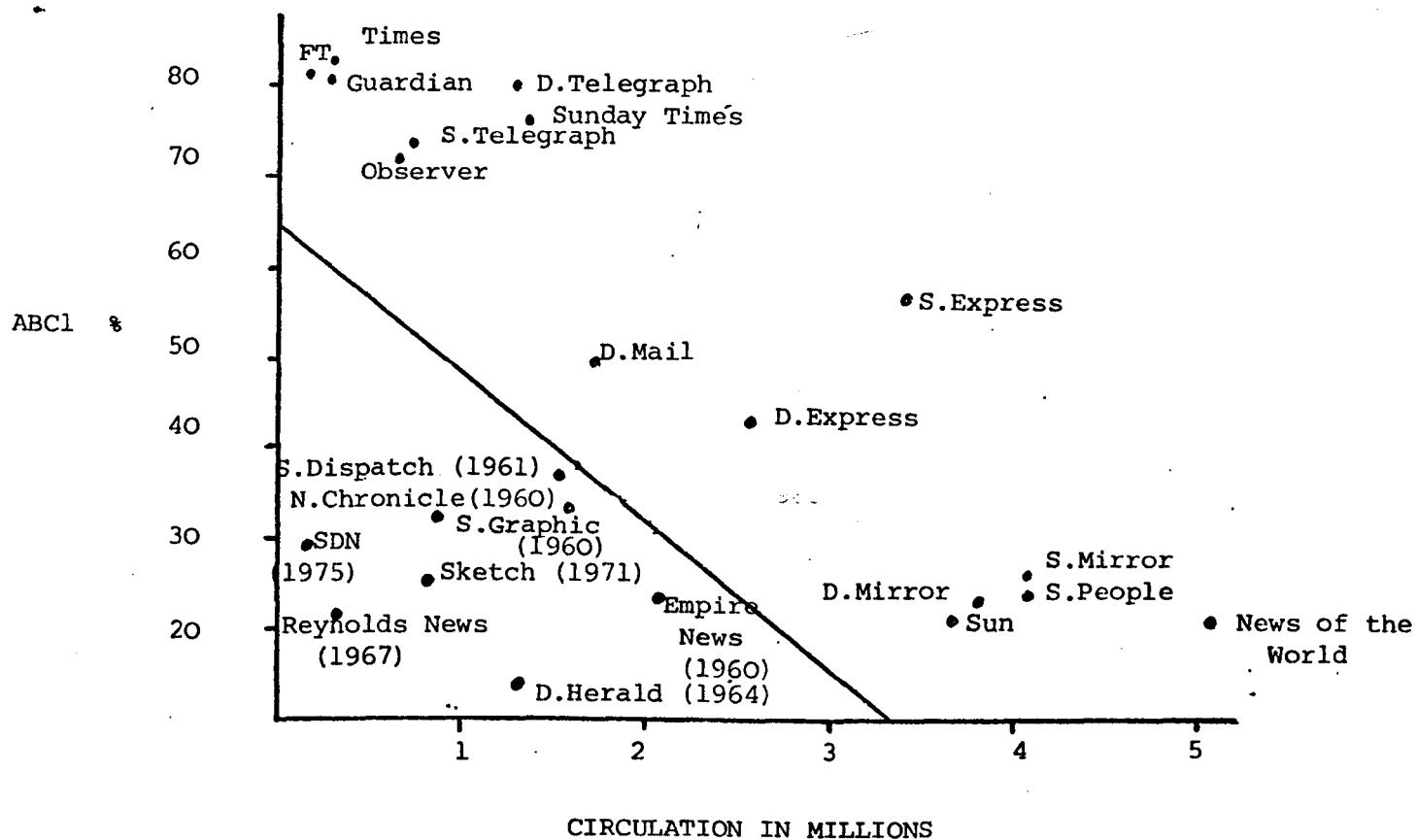
the committed radical press due to the impact of lack of advertising revenue, and that the remaining newspapers are unlikely to want to print anything which would offend advertisers. As James Curran has maintained:

"The death of the Daily Herald, News Chronicle and Sunday Citizen (Reynolds News) decimated the social democratic press. It meant the loss of the only social democratic papers with a large readership which devoted serious attention to current affairs. The surviving pro-Labour papers are first and foremost entertainment sheets, devoting less than 10 per cent of their editorial space to political, social and economic news, they scarcely constitute an alternative political voice." (1978,p.254).

The McGregor Commission accepted the mythology that the failure of radical newspapers was due to their inability "to meet the changing needs of readers", when each of the newspapers that failed, had a much larger circulation than quality newspapers that survived. Radical newspapers appealed to people, the problem was that they appealed to the wrong people, who did not constitute a valuable advertising market.

The Daily Herald failed because of advertising discrimination against it, and the premature end of the Scottish Daily News was determined by lack of advertising. (The rest of the left press is deprived of advertising revenue, and has to compete with the capitalist press with fewer pages, higher prices, fewer staff, less editorial facilities, and less extensive distribution; therefore the left press sells only to the committed). (Beharrel and Philo, 1977,p.121).

Eight newspapers died in the 1960s and early 1970s from the same causes: whilst they did not offer as broad a coverage of the mass market as TV or the biggest selling popular newspapers, they could not offer an affluent segment of the middle class market. As Graph 1 shows this

Graph 1: The Bermuda Triangle of the British Press 1960-1975:Circulation and ABC1 Readership of National Newspapers.

Source: Adapted from Mander, 1978, p.79, Figure 7.1.

area of the national newspaper market of moderate circulation and low socio-economic readership has become a Bermuda Triangle: the graveyard of newspapers that do not fulfill the advertising markets requirements. (The graph also shows that the Daily Mail and Daily Express which attempt to occupy the gulf between the quality and popular press are perilously close to the danger zone, and any sudden fall in the circulation or advertising of either paper would involve either collapse or permanent subsidies from the parent group. The Star launched in 1978 is capable of surviving at a lower level of circulation than would be normally necessary, because it shares overheads and printing facilities with the Express; in turn this has helped to keep the Express alive).

The Tension Between Editorial Freedom and Advertising Subsidies

The influence of advertisers does not end with control over whether a newspaper exists or not: they determine the shape and content of the papers that do survive. The realities of 'joint supply', when advertisers provide more than half the revenue of newspapers and represent a much more cohesive and vociferous group, is that their wishes are complied with, regardless of the desires of readers. Advertisement related features pages are the least popular among readers, and yet they have spread because advertisers like them. Colour supplements appeared in 1981 with the Sunday Express and News of the World, not because readers would enjoy them, but because they would attract advertisements: if they do not attract sufficient advertising revenue, they will be withdrawn, whatever the wishes of readers. The Daily Mail has developed an appeal to middle class women, and has now launched the Mail on Sunday aimed at women, not because women badly need a paper to reflect their views and interests which the rest of the national press neglect, but because the Mail has located a lucrative and exclusive section of the advertisement market.

The development of target marketing means that newspaper and magazine launches will be directed at increasingly specific sections of the public.

"The successful commercial publisher is a shrewd producer of commodities. He is not interested in pushing out the frontiers of debate or knowledge. He is simply trying to make money. At the core of this commercial drive is the publisher's desire to discover groups of readers who the advertisers wish to reach.... Having identified the demand for advertising space, the publisher then tries to work out what kind of editorial is needed to ensnare the readers". (MPG, 1980b, pp.11-13).

But not all of the public will be covered by specialist publications: "Womens magazines tend to be oriented towards the middle class. This is a consequence of the much higher advertising subsidies that middle class women readers generate by comparison with working class readers... This gravitational pull towards the middle class, exerted by advertising, has contributed to the remarkable conservatism of much women's journalism. It has also resulted in a broad range of cultural provision being geared disproportionately to one section of the community." (Curran, 1981, pp. 56-7). Systematic class discrimination is accompanied by systematic age discrimination. The relative affluence of young people encouraged advertisers to promote a lavish range of publications aimed at the youth market. In stark contrast, few publications cater for elderly people because their disposable income is less than that of young people.

There is a constant tension between editorial and advertising in newspapers, editorial is intended to inform, advertising to persuade with no more of the truth than is necessary. (Whale, 1977, p.89). The McGregor Commission piously declared, "We believe that there is evidence that the overall balance of contents of newspapers is not

unduly influenced by the needs of advertisers..." (RCP, 1977,p.104). This is commercially induced blindness. Half of the content of newspapers presently consists of advertisements which imbue newspapers with a quality of coarse commercialism that overwhelms any distinctive editorial orientation confined to a few pages. Regional and local newspapers are so saturated with advertising that they are virtually indistinguishable from advertisement Free Sheets, and only the Post Office regulation that a publication cannot be registered as a newspaper if it carries more than 66% advertising preserves the remaining fragments of editorial space. In commercial television the cost of producing 30 second advertisements is £20,000 - £100,000, often a great deal more than the programmes which are wrapped around them. (Sunday Times, 31 May 1981). The same phenomena is occurring with newspapers, more resources are being devoted to procuring advertising revenue than gathering the news: in the typical regional newspaper there is a sharp contrast between the crowded and bustling tele-ad office and the deserted editorial office, depleted of journalists. The question Jean Seaton asks of commercial television has become relevant for newspapers: "how does the real purpose of producing audiences for advertisers affect the apparent purpose of producing programmes for audience consumption?" (Curran and Seaton, 1981,p.240).

An executive of Times Newspapers has called for the integration of advertising and circulation sales policies in newspapers, an integration already represented by joint commercial management in several publishing houses, (Mander, 1978,pp 72-80). What this invariably means is that editorial policy is of "the greatest importance to the economics of the press - provided editorial policy is defined as the determination of what sort of content will best fit the publication for its market." (Henry, 1978,p.4). That is, editorial is designed by advertising market requirements to appeal to a particular readership. In the

quality press this means editorial specialism, in the popular press the pressure is to build the largest readership possible, and therefore specialist and substantial material on politics, economics and current affairs has declined, and been replaced by common-denominator entertainment material with little news relevance.

(Curran, 1981,p.62). Advertising influence need not be directly imposed on the press because it is effectively internalized by newspaper marketing strategies to maximise revenue. Any editorial criticism of the damaging effect of advertising influence is stifled at birth - in a large Swedish newspaper a group of feature journalists started a series of critical articles on advertising which led to immediate protests from the advertising department: "Do you want to cut off the hand that feeds you?" (Engwall, 1978,p.217).

In contemporary newspapers, as with commercial television, it is often difficult to detect when the selling message has stopped and the information material has started, particularly with the spread of sycophantic consumer journalism. (Schiller, 1971,p.41). As editorial criticism has been neutered, advertising pronouncements have become more aggressive. Advocacy advertising has enabled companies to go beyond merely selling products or an image, and more forcefully enter the political arena. Now highly developed in the United States, advocacy advertising is used by corporations to push certain positions on political issues which effect their commercial interests such as government regulations, taxation, pollution control, and conservation. Corporations aggressively justify their own activities and performance, and attempt to undermine the motives and actions of opponents: it often amounts to "counter advertising to counter the news". (Sethi, 1977,p.7). A cross-section of wealthy American oil, chemical, and finance

multi-nationals have engaged in extensive ideological warfare to prevent reforms proposed by government agencies, academic and research institutions, or public interest groups. In 1974 US corporations spent \$224 million on this form of advertising. Seven major oil companies spent \$59.8 million on 'goodwill' advertising in 1973, 'goodwill' concerns matters such as "environmentalism, energy-related issues or explanations of the capitalist system", and is tax-deductible. (Sethi, 1977,p.16). Among the examples of advocacy advertising compiled by Sethi, include a campaign by the American Electric Power Company Inc against the Environmental Protection Agency regulations on strip mining and air pollution; a campaign by Allied Chemical to explain that "Profits are for People"; another by the Chase Manhattan Bank, "Unless we stimulate the formation of capital ... you're the one who may be out of a job"; another by Mobil, "The popular misconception that 'Big Oil' is run by the few for a privileged few is nonsense" (sic).

Image building advertisements have greatly increased in the British press, along with a growing readiness to engage in major advertising campaigns during times of commercial difficulty. Unwanted takeovers in the private sector are now often accompanied by a flurry of competing advertisements, such as in the attempt by S.W. Berisford to take over British Sugar in 1981. In the public sector, nationalized industries have used advertising campaigns to pressure government. Although British companies are more cautious in engaging in ideological struggles through advertising than are their American counterparts, there are precedents for this when it is deemed necessary: Tate and Lyle mounted a successful attack through advertising on the Labour government's plans to nationalise the sugar industry; and somewhat less successful efforts were made by the private steel companies and private road haulage lobby. Private building companies mounted a similar campaign during the 1974-79 Labour government which helped divert the pressure for nationalisation. Softening up exercises have occurred

in anticipation of any effort at socialist intervention in the economy: AIMS, a group of right wing industrialists, has launched several page declarations, "That liberty, which stands on the unique foundations of democracy, freedom of choice and expression and free enterprise, is being eroded by State interference That a halt must be made to nationalisation, State control, and excessive bureaucracy." (Guardian, 3 July 1978) If any future Labour Government attempted to nationalise a strategic and highly profitable sector, such as the banking or insurance industry, they would be confronted by a blitz of hostile advertising which would saturate every newspaper in the country. Advertising agencies have already entered the British political scene with ravaging effects, as in the Saatchi and Saatchi selling of Thatcherism during the 1979 general election. Their "Labour Isn't Working" poster with a picture of an endless dole queue had a profound impact, and assisted in the election of a government that tripled unemployment to three million in two years: the aim is to sell the product, regardless if the consequences are the opposite of what the advertisement claims they will be.

Almost by definition, the products most heavily promoted by advertising are those which are most unnecessary, dubious, or harmful. Charles Wintour asked the rhetorical question, "Is it wrong to give some degree of preference to stores which advertise? Not at all, provided that their products are good - and they are unlikely to waste money advertising unless they are". (1972, p.39). This would be laughable, if the McGregor Commission, as a justification for newspaper advertising, had not repeated the quotation verbatim (except that, in another clue to its prejudices, it mistakenly puts the word "stories" instead of "stores"!). In a general sense advertising powerfully projects the primary social characteristics of capitalism: acquisitiveness, individualism, competitiveness, consumerism, aggression and elitism.

"Advertising cannot help but promote and reinforce the values and visions of Western capitalist society." (Schudson, 1981, p. 11). Most advertising is devoted to misleading consumers, whether in the form of the subtle exaggeration or - at the other extreme - the deceitful deception: there is no place for the critical and comparative presentation of products. The harmful psychological effects of much advertising include promoting a sense of insecurity and failure among people made constantly aware of the material possessions they can never obtain, implicitly because of their own inadequacies; and exploiting people's emotional vulnerabilities. Unsafe products are promoted, and dangerous practices encouraged. The Advertising Standards Authority was set up by the advertising business supposedly to ensure a system of self-regulation - in practice it is no more than a flimsy cover for the most blatant disregard of the interests of the public.

Tobacco Advertising: Promoting Cancer

The most glaring instance of the moral ambivalence of advertisers is tobacco advertising. Smoking is the largest avoidable hazard to health in this country according to most medical opinion. Smoking causes cancer, heart disease, emphysema and bronchitis, in terminal stages causing misery, wretchedness and grief for hundreds of thousands of people. Fifty thousand people each year are killed because of cigarette smoking (Elstein, 1979). A report Smoking and Health, prepared by officials from seven Whitehall ministries in 1971, was more conservative in its estimates, but still maintained that if only two out of every five people stopped smoking then 100,000 people who would have been widows and widowers would still have their husbands and wives 20 years later. In 1978 an all-party select committee in Parliament called for a complete ban on cigarette advertising. The director of ASH maintained, "Tobacco is the only product that will kill between a quarter and a third of its users before their time. The very idea of promoting it at all with that degree of risk, is just wrong

to anyone concerned with health." (Guardian, 17 August 1981).

Yet the tobacco industry has maintained huge and sustained advertising campaigns up to the present day. A ban on TV advertisements has simply meant a huge wave of cigarette advertisements swamping newspapers. The colour supplements of the Sunday Express and News of the World launched in 1981, served as vehicles to carry glossy enticements to smoke to the working class, which are now banned on TV. Sunday (the News of the World magazine) carried up to six full page ads for cigarettes in its early issues, the Sunday Express magazine carried four full pages. In contrast the Observer and Sunday Times magazines, which cater for a predominantly middle-class market, on average carried less than two full page cigarette ads. The total spent by the Health Education Council and ASH in anti-smoking campaigns in 1979, was £0.4 million whereas tobacco companies spent £80 million on cigarette promotion, a ratio of 1:200. (Guardian, 6 May 1980). Thus any attempt by health education to conquer the smoking habit is overwhelmed by an avalanche of counter propaganda. (Wintour accounts how a tough "Smoking Yourself to Death" front page of the Evening Standard in 1971, led to the tobacco companies doubling their expenditure on ads in the newspaper the following year.) (1972,p.36).

Treacherously, advertisements are aimed at the most vulnerable; Philip Morris had to be halted in their 'Club Marlboro' campaign to encourage young people to smoke, despite the existence of a voluntary code not to encourage the young to start. Third world countries are the victims of unrestrained cigarette advertisement campaigns for the highest tar brands which induce addiction most.

Advertisers and manufacturers point to the laxness of government as an excuse to continue advertising (apparently governments are not only concerned about the loss of £4 billion tax revenue, but the increased number of people who would be around to claim state pensions!)

But advertisers themselves sometimes seem engaged in a crusade: advertising agents Allen, Brady and March, acting for the British Tobacco Company placed copy in the Financial Times declaring that " a citizen has certain inalienable rights in a free society. The right to exercise free choice, for instance" (presumably to choose cancer). One sinister episode shows the extent of the tobacco advertisers determination. A Sunday Times article by the paper's medical correspondent Oliver Gillie on heart transplants said clearly that in five out of seven case histories smoking had clearly damaged the patient's hearts. Probably for the first time in British journalism, Gillie named the cigarettes which they smoked. In the middle of the article was a full page advertisement for Embassy - one of the cigarettes blamed for helping to kill someone. Normally the advertising department would be warned to rearrange the schedule to avoid a clash with the offending article. In this case it did not happen. Wills, who make Embassy, complained. They were not charged for the ad, and got another one free, but soon decided to withdraw £500,000 of booked advertising from the paper. Wills marketing manager claimed that the decision to switch to the new Sunday Express colour magazine had already been made, and given the mass working class readership of the Express, there was probably an element of truth in this. However the ad manager in charge of the Wills account at the Sunday Times asked the board if Wills could be placated by a statement that there was no campaign against smoking at the Sunday Times. The board discussed the possibility of banning all cigarette advertising from the paper. A majority were against, and Harold Evans was given the job of drafting a statement which would be shown to the tobacco companies - though not the readers. As the New Statesman scathingly concluded, " It is clear that in its heart the board ... capitulated to what is one of the most brazen examples of interference in editorial policy by an advertiser." (27 Feb.1981)

Thus the chairman of the Imperial Group, with half yearly profits of £50 million in the tobacco division, could report "encouraging progress" in the launch of new cigarette brands in 1980; and the chairman of BAT, with profits of £416 million in 1977, could state "I see a company as a living organism that has to grow" (Guardian 12 June 1978). It is clear that advertising is a central weapon of the ideological contagion of corporate capitalism.

Conclusion: The Pincer Effect Of Proprietorial Control and Advertising
The whole economic structure of Fleet Street has been built

on expanding advertising revenue, which increased for the national newspapers from £10 million in 1948, to £162 million in 1975, to £ 426 million in 1980. This revenue fuelled increased pagination, staffing, pay, and other expenditure, thus the annual costs of an average London daily newspaper increased from £1½ million in 1946 to £28 million in 1974. (Curran, 1978, pp. 263-5). Advertisements themselves are costly to produce, including the expense of large advertising departments, plus production and paper costs. The competition for advertising led to marginal revenue from advertising being gradually overtaken by marginal costs as newspapers held their rates down. For the national popular dailies, in 1960 60% of advertising revenue was absorbed by advertising costs, in 1973 85% of revenue was absorbed by costs, and in 1975 100%. (RCP, 1977, p.39). This has been the major contribution to the cumulative economic crisis of Fleet Street. An improvement in advertising has allowed a temporary breathing space, but other problems have to be faced. In 1980 about 400 advertisement Free Sheets expanded to £84 million of the market, and seem certain to proliferate. (Guardian 8 September 1981). Channel 4 television was launched in 1982 supported by advertisements; and Breakfast TV, a real threat to morning newspapers, arrived in 1983. A further severe contraction and restructuring of the national newspaper industry is likely, and whatever the reasons put forward, the primary cause will be changes in the preferences of advertisers.

Table 7 Proportion of Press Revenue Derived From Advertising in 1979

National Dailies	National Sundays	Regional Daily & Sunday Papers	Local Weeklies	Total Newspapers	Trade, Technical & Professional Journals	Other Periodicals	Total Periodicals
44%	44%	66%	85%	59%	64%	47%	54%

Source: Derived from J. Curran, 1981, p 45.

Table Estimates of the Proportion of Newspaper Advertising Revenue Which Is Absorbed By Costs: Averages: 1960, 1973, 1975.

	<u>1960</u>	<u>1973</u>	<u>1975</u>
National Popular Daily	60	85	100
National Quality Daily	40	55	65
National Popular Sunday	65-70	95	115
National Quality Sunday	40-45	60	70
London Evening	55	65	75
Provincial Evening	50	n.a.	55
Provincial Weekly	40	n.a.	55

Source: RCP, 1977, Table 5.5, p39

In conclusion, "The Concise Oxford Dictionary definition of "pincers" is: " a gripping tool made of two limbs pivoted together forming a pair of jaws with a pair of handles to press them together with". The twin forces of proprietorial and advertising control, through the medium of the market, exert a powerful pincer effect upon the national press: a constant pressure to constrict editorial orientations into a narrow range supportive of the maintenance of the capitalist system, and of the interests of the capitalist class.

DISTRIBUTION:

When radical newspapers emerge successfully in defiance of commercial forces they immediately encounter another almost impossible hazard: the monolithic monopoly of distribution. "Getting a paper printed is one thing; getting it to the readers is quite another. It is at the distribution stage that the gap between the freedom to publish in principle and in practice really opens wide. Anyone can publish whatever they like, but there is no certainty that large numbers of people will have an opportunity to read it." (Whitaker, 1981,p.87). In theory distribution involves merely shifting tons of newsprint and magazines from publishers through retailers to readers, in practice political as well as commercial decisions are constantly made. The Minority Press Group have examined how WH Smiths and John Menzies systematically exclude radical publications from their monopoly network of distribution. (1980a and 1980b). Three companies, WH Smith, Menzies, and Surridge Dawson had control of 57% of the newspaper distribution and 69% of the magazine distribution in England in 1975; Menzies alone had 79% of the newspaper and 93% of the magazine distribution in Scotland. Big towns are divided into cartels among the companies, and WH Smith have a sole monopoly in 43 towns, while Menzies have a monopoly in 21 towns. Finally, Smiths and Menzies have 600 of the most important newsagents in

railway stations, airports, and city centres. (MPG 1980b,p.33; 1981, p.191). The McGregor Commission recognised no dangers in this constriction of sources of supply and could only comment "the present system satisfactorily meets the needs of most newspapers and periodicals." (RCP, 1977,p.65). In fact this monopoly effectively gives these companies a stranglehold on the supply of publications to the whole country, a formidable power which they do not exercise in a liberal or responsible way: "the whole distribution system is sewn up by Smiths, Menzies and Surridge Dawson, who are quite clearly conservative and not committed to the free availability of challenging opinion. Their self-confessed liberalism is merely a ritual word-game performed for the benefit of state inquiries. In reality it does not exist." (MRG, 1980b,p.67).

WH Smiths and Menzies will not sell new radical publications. In justifying this discrimination their first line of defence is that it is not an economic proposition to commercially distribute radical publications, but this argument is empty since both companies also refuse to distribute radical publications which are commercially successful. Gay News had a print run of 20,000 when it approached WH Smiths in 1976, but it took 6 months lobbying to get the company to accept it, and then in 1979 the magazine was rejected by Smiths for alleged obscenity. Socialist Worker, with a print run of 20,000 and Socialist Challenge, with 10,000, both were given brief trials by Smiths in limited areas and quickly dropped. The trial of Socialist Challenge in 1977 coincided with the publication of the report of the 1977 Royal Commission on the Press when Smiths were particularly sensitive to accusations of monopoly, and by this solitary action they felt they had fulfilled their obligation to 'radical politics'. Private Eye enjoys a circulation of over 140,000, and, however satirical, is far

from being politically radical, yet Smiths have always denied it the means to reach a potentially vast readership. Finally, the Leveller with a circulation of over 6,000 was refused by Smiths as non-viable. But Smiths find acceptable numerous magazines with circulation figures of around 3,000 including such esoteric titles as Pig Farming and Dental Technician. (MPG, 1980b, pp.41-46).

The explanations offered by monopoly distributors as to why they will not supply radical publications do not stand serious scrutiny. They discriminate against publications which do not carry advertising, because they feel advertising is a proof of credibility. They insist upon publicity or promotion for new publications, which means their system is only open to publications launched by commercial organisations with large resources. They claim that radical publications contain libellous material, when all newspapers unfortunately are likely to attract writs. Finally they claim that radical publications do not fit the family image they like to foster, when Smiths have for some years distributed Mayfair and other similar magazines which are hardly family reading. (MPG, 1980b, pp.46-7). The radical publications that have penetrated and survived this censorship system have done so for particular reasons. The New Statesman with sales of 40,000 was set up in 1913, before the worst effects of monopoly distribution were felt, and although it presents left-wing views has by its longevity and distinguished connections, almost become part of the publications establishment. Time Out offered a unique guide to London entertainment, was highly successful with a small distributor with sales around 100,000 and could not be ignored by Smith and Menzies.

The formation of the Publications Distribution Co-operative (PDC) attempted to bridge the divide between radical publishers and readers by supplying the 150 radical bookshops in the country. This alternative

distribution network has provided a life-line for the radical press, and without it, many publications would die. However in other countries the distribution system is more open.

"The distribution of the press in France works on completely different principles from those operating in Britain. Here the established practice is that wholesalers can choose which newspapers and magazines will be available to readers. They can therefore reject those they don't like. In France, the tables are turned. By law, any publication is guaranteed access to distribution: and the newsagents, in turn, have to display it. Not only can publishers select which particular outlets they wish to take their publications but the law states that distribution must be controlled by publisher-co-operatives. As a result, small or contentious papers are widely available and all shades of political opinion represented on the news-stands in a way which would be inconceivable in this country". (MPG, 1980, p.7)

The principle achieved by law in 1947 was the "unrestricted distribution of the printed word". The result is that radical publishers can choose between 40,000 different sales points through the national distribution system, and with this assistance French radical and left-wing publications have thrived with large circulations relative to their British counterparts. French society thus benefits from a much greater cultural and political freedom and colour than in Britain; for example, in a casual survey of Parisian press kiosks the MPG found 850 titles on sale in a stand on the Boulevard St Michel, in contrast the main Paris branch of WH Smiths had only 108 titles ! (1980, pp.11-15).

Whitaker's conclusion is right, "The distribution barrier is probably the most important single reason why radical papers in Britain do not have the readership many of them deserve and which - in some countries - they would certainly get." (1981, p.91).

CHAPTER FOUR

THE POLITICAL ECONOMY OF THE CAPITALIST PRESS II: IDEOLOGY AND EDITORIALIDEOLOGY

How capitalist ownership and control of the press through the competitive process serves to extinguish the expression of political opposition and create a monopoly for the ideology of capitalism was remote from the concerns of the McGregor Commission. Instead it reduced the question of general ideological distortion down into a superficial consideration of particular instances of bias. The commission recognised the virtual identity of opinion expressed by all capitalist newspapers: "the general agreement amongst national daily newspapers on the main news of the day, especially when this is of a political, social and economic kind." (RCP, 1977, p.78). But from this disturbing fact the Commission drew bizarre conclusions: firstly that this "qualifies the assumption both of a wide gap between quality and popular dailies and of a necessary connection between the number of titles and the extent of diversity in dealing with news", (p.79); and secondly that, "the finding that newspapers display a marked similarity in the selection and presentation of news suggests that bias cannot be explained simply as political prejudice on the part of an individual newspaper." (p.83). The idea that monopolistic competitors produced virtually identical products, in this case news, and that any individual newspaper's prejudice was subsumed under a collective ideology they all shared somehow escaped the Commission, which was left making pathetic recommendations for journalists "to make clear the distinction between fact and comment", (p.93). The gullibility of the Commission stretched to repeating uncritically the claims made in the submissions by newspaper companies:

"They stressed the importance of attracting readers, and of maintaining the independence of newspapers from proprietors, advertisers, political parties and interest groups as a central feature of the freedom of the press They emphasised as a sine qua non of press freedom that the public should get what it wants, even if that is not what some high-minded or nice-minded critics think it ought to want." (p.94).

Despite such fine sentiments, the most cursory investigation of the political economy of the press reveals that the interests and values of the newspaper reading public are systematically neglected, and that newspapers are dependent upon the whims of proprietors and advertisers whatever image of dependence they like to project. However trapped in its own limited conception of a free market in ideas and newspapers the Commission had no solution to the systematic hostility to organised labour it acknowledged existed in the capitalist press, except to treat this as a "gap" in the market to be filled by a labour newspaper, at trade union expense, without any general change in the structure of the press. (p.107).

Marxist analysis has proved more penetrating and identified the press as an important means of maintaining the ideological dominance of the capitalist class. Social, cultural and ideological dominance have combined in a hegemonic rule that permeates all of the institutions of capitalist society. For example, the central feature of a capitalist social formation is the market economy, that is the domination of social relations by the exchange relation: the ideological effect of the market is to obscure the exploitative basis of production under capitalism by the focus upon 'free' exchange. (Hall, 1977, p. 323). The converse of capitalist hegemony is the "acceptance" by the working class of its own subordination and exploitation. However,

the daily power of hegemonic institutions conflicts with the daily experience of exploitation by the working class and the consequent resistance to capitalist relations of production. The result of this conflict is a divided or contradictory consciousness among the working class, as Gramsci explained:

"The social class in question may indeed have its own conception of the world, even if only embryonic; a conception which manifests itself in action; but occasionally and in flashes - when, that is, the class is acting as an organic totality. But this same class has, for reasons of submission and intellectual subordination, adopted a conception which is not its own but is borrowed from another class; and it affirms this conception verbally and believes itself to be following it, because this is the conception which it follows in "normal times" - that is when its conduct is not independent and autonomous, but submissive and subordinate." (1971, p.327).

Parkin similarly isolated a dominant, subordinate and radical value system. (1971, p.97). Within the consciousness of every worker there is therefore a conflict between accepting and resisting the imposition of capitalist relations. Recognition that ideas can be imposed upon workers which are antagonistic to workers own real interests, raises the question of 'false consciousness'. "The adequacy of a conceptual framework is therefore not a simple question of objective truth or falsity; the appropriateness of a system of categorisation cannot be meaningfully assessed without reference to the purposes and interests of those who employ it, for these necessarily structure what aspects of reality are relevant for them. The critique of a particular conceptual framework as ideologically distorting must therefore refer to its inadequacy in respect of

specific human goals and purposes." (Hyman, 1975a, p.198).

Realisation that ideas are a social product, based on conflicting interests and orientations, requires further consideration of the concept of ideology: "the concept ideology makes a direct reference to the role of ideas. It also entails the proposition that ideas are not self-sufficient, that their roots lie elsewhere, that something central about ideas will be revealed if we can discover the nature of the determinacy which non-ideas exert over ideas." (Hall, 1978, p.10). The distinguishing feature of the Marxist approach to ideology is that the mode of production is considered to provide the economic base upon which ideas are constructed, or set the constraints within which ideas are worked out. Marx lucidly summarised the position as follows:

"In the social production of their existence, men invariably enter into definite relations which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness." (1975, p.425).

This conception of an economic base and ideological superstructure has preoccupied Marxist analysis ever since. Marx employed the notions of determination and conditioning in the loose sense of setting limits, exerting pressure and closing off options, but the economic determination

of the Soviet interpretation has attributed little of this subtlety to the base/superstructure couplet. (Murdock and Golding, 1977b, pp. 16-17). Ideological production is part of a superstructure in a number of senses: firstly material production provides the surplus upon which other activities are based, and the social relations of production determine how that surplus will be distributed. In another sense the political and ideological superstructure is detached from the economic base in order to secure the long term interests of capital against the immediate interests of particular sections of the capitalist class. In the attempt to avoid the debilitating economic reductionism of Marxist orthodoxy, cultural theorists developing the work of Althusser have elaborated the concept of the "relative autonomy" of the superstructure, and stressed "the need to grasp the relations and reciprocal determinations between 'the economic foundation' and 'the whole immense superstructure' as complex and not simply reflexive, transparent, or unmediated." (Connell, 1978, p.74). The media depend upon their relative autonomy from the immediate economic interests of the ruling class because open complicity would destroy the basis of their legitimacy. (Hall, 1977, p.345). "Pluralism, however restricted, carries conviction; monolithicity breeds distrust." (Downing, 1980, p.169).

A major schism between Marxist scholars has occurred on the question of how relative is the 'relative autonomy' of the superstructure?

"The problem which Althusser and his followers are attempting to solve in their development of the theory of ideology is one which has plagued Marxism since its inception. It has oscillated between allowing the realm of ideology too much and too little autonomy. Too much, when it is theorised as

a separate realm, an independent level of the social formation with its own history, in some kind of articulation with an equally independent 'mode of production' identified as 'the economic' level; too little when it is reduced to an epiphenomenal reflex of some contradictions within the economy." (Lovell, 1980, p.248).

A political economy of culture in considering the base/super-structure relationship therefore must avoid "the twin traps of economic reductionism and of the idealist automatization of the ideological level." (Garnham, 1979, p.127). Economic reductionism makes it appear as if the ideological effects of the media were the inevitable outcome of the economic practices of the media industries, and ignores the specific effects of subordinating media production to the logic of capitalist commodity production. Automatization of the ideological level replaces economic determination with "the relatively autonomous level of communicative-ideological determination." (Connell, 1978, p.72). This neglects the fact that under monopoly capitalism the base/superstructure distinction breaks down as the superstructure becomes industrialised. (Garnham, 1979, p.130). In general principles there is probably a greater degree of agreement than the more polemical critics of both camps would care to admit, for example, Miliband, who is often charged with reductionism has argued that ideological hegemony "is not simply something which happens, as a mere superstructural derivative of economic and social predominance. It is, in very large part, the result of a permanent and persuasive effort, conducted through a multitude of agencies." (1969, p.181). Whereas those who maintain the relative autonomy of ideology, always stress its determination "in the last instance" by the economic. (Hall, 1978, p.29). However,

when the specific methodological focuses of the two approaches are examined sharp distinctions emerge. Political economists tend to neglect textual analysis, on the assumption that the output of media dominated by the production relations of capitalism is fairly predictable. On the other hand, though Althusserians claim ideology has a distinctive material process of production, this does not lead to analyses of texts in the context of the forces and relations of production within which they were created, but a reversal to traditional textual criticism. (Lovell, 1980, p.250).

To understand the connections between material and mental production better, it is necessary to return to the definitive passage of Marx and Engels in The German Ideology:

"the ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance." (1970, p.64).

In terms of the historical development of capitalism, what Marx and Engels meant in the first instance by "control of the means of mental production", was simply the payment of intellectuals out of capitalist revenue. As the division of labour develops further a subordinate fraction of the capitalist class come to occupy important positions in the cultural sector and become possessors of cultural

capital:

"The division of labour which we already saw above as one of the chief forces of history up till now, manifests itself also in the ruling class as the division of mental and material labour, so that inside the class one part appears as the thinkers of the class (its active conceptive ideologists, who make the perfecting of the illusion of the class about itself the chief source of livelihood), while others' attitude to those ideas and illusions is more passive and receptive, because they are in reality the active members of this class and have less time to make up illusions and ideas about themselves. Within this class this cleavage can develop into a certain opposition and hostility between the two parts, which, however, in the the case of a practical collision, in which the class itself is endangered, automatically comes to nothing." (Marx and Engels, 1970, p.65).

Thus the higher echelons of media establishments tend to be drawn from the capitalist class; whilst those in subordinate positions tend to remain under the direct economic control of media employers, a relationship which is often internalised and obscured by an ideology of professionalism. A later historical development of capitalism, is the actual control by capital of the means of cultural production as part of the process of commodity production. (Garnham, 1979, pp.134-6). "With the penetration of capital into cultural production, the product is transformed into a commodity." (Lovell, 1980, p.251). Along with other commodities, cultural commodities possess certain contradictory qualities. Since they are produced for profit and not to satisfy social need, there is no guarantee that the cultural wants and needs of the majority of people will be considered or satisfied. Since they are produced

for profit by individual capitalists and any commodity will be produced that can be sold, there is no guarantee that the general ideological needs of capital will always be served, as Garnham stressed "there is ... no necessary coincidence between the effects of the capitalist process proper and the ideological needs of the dominant class." (1979,p.137). (Though this is more apparent with book publishing, rock music, film and television, where monopoly controls are not so developed, a radical tradition survives, and messages are often ambiguous, than with the press where there is greater ideological uniformity.) Finally what is ideologically functional for capital in cultural products, may not be what people themselves find useful, indeed directly ideological appeals are often the most readily rejected. "We have absolutely no grounds to suppose that the use-value of cultural products will be readily commensurable with the ideological needs of capitalism, and should view with great suspicion a theory which claims that, to capitalism's great good fortune, what gives the audience pleasure is the same thing which produces 'the ideological effect'" (Lovell, 1980,pp.252-3; Garnham, 1979, pp.136-7).

As cultural production is absorbed into the activities of large industrial conglomerates it becomes subject to the laws of capitalist development. In order to accumulate capital wage labour is combined with materials and instruments to produce cultural products for exchange from which surplus value will be realised. The growth of capital requires increased productivity and greater markets and to further this endeavour there is increased mechanization, and an intensification of the labour process through the new technology. The nature of this process of production is inherently contradictory involving an increased conflict between capital and labour, a conflict between the increasingly centralised control over capital accumulation and the socialization of the forces and relations of production, and the conflict between the

of generalized commodity production. (Garnham, 1979,p.145). An ironic paradox in Marxist cultural analysis which Golding and Murdock identify, is that as multinational industrial conglomerates have come to dominate cultural production, the question of economic determination has been displaced in a divorce of cultural analysis from political economy. If "every text in some sense internalises its social relations of production" (Eggleton, 1976,p.48), still "to focus on texts as ideology is to remain blind to the forces which lie behind the production of these texts." (Golding and Murdock, 1979,p. 220). For example the operation of the market must be explored to explain why dissident views have been excluded from the national press. Golding and Murdock conclude that two weaknesses of contemporary cultural analysis are firstly an undue emphasis on the links between the media and the state, which neglects the role of capitalist ownership and control of media industries; and secondly the difficulty of inference from content analysis, which has led to too much authority being given to evidence from textual analysis (1979,p.224). While valid criticisms of much contemporary cultural analysis, these are certainly not grounds for abandoning textual analysis completely. The Glasgow University Media Group have acknowledged that "moving from the macro-level successfully articulated by Murdock and Golding in their detailed examinations of the patterns of ownership and cultural monopoly to the micro-level of close content analysis such as we have undertaken is difficult." (1980,pp.414-5). Nevertheless, as the Glasgow University Media Group have successfully shown, tackling media controllers on their own territory, in terms of a detailed and precise analysis of editorial output, can have a sharp and immediate impact in unsettling powerful yet unquestioned assumptions about 'consensus' values and 'professional' methods.

In conclusion the Althusser/Poulantzas theorization of relatively autonomous economic, ideological and political levels of the social formation, is challenged by a political economy which recognises that a key

feature of the mass media within monopoly capitalism is the exercise of political and ideological domination through the economic. For example, Garnham refers to "the close inter-weaving within concrete institutions and within their specific commodity forms of the economic, the ideological and the political. When we buy a newspaper we participate simultaneously in an economic exchange, in subjection to or reaction against an ideological formation and often in a quite specific act of political identification or at least involvement." (1979,p.132-3). It remains important though to distinguish the unconscious forces of material production of cultural products and the conscious forces of ideological production, and to maintain the distinction between the media as processes of material production and as sites of ideological struggle, as well as understanding the relationship between these. (Garnham, 1979,p.133). Thus an adequate political economy should reinforce the essential ideological struggle outlined by Lovell:

"..... A struggle to prevent the appropriation of the experience of the oppressed to the categories of bourgeois ideology; to articulate and draw attention to those experiences, wishes, hopes and aspirations which are generated in social relations but cannot be accommodated to the categories of bourgeois ideology or met by capitalism; and above all, to keep alive the hope and belief that social relations can be changed so that those aspirations can be met." (1980,p.248).

EDITORIALIntroductionIdeological Colonialism: Capitalist Newspapers and the Working Class

Behind the appearance of diversity, on the major issues of the day, the capitalist press presents a uniform stereotype: in the 1970s and 1980s the press supported the US in Vietnam; was solidly in favour of British entry into the EEC; repeatedly called for cuts in public expenditure; backed British troops in Ireland; was sympathetic towards nuclear energy and the deployment of nuclear weapons; and furiously hostile to the Benn campaign to democratize the Labour Party. (CPF, 1979, p.4). On the very rare occasions when individual national newspapers have broken this consensus they have been made to suffer: objections to the Suez invasion in 1956 by the Guardian and Observer, damaged their advertising revenue so severely that they took years to recover. "Journalists handle a public utility: information". (Whale, 1977, p.113). The problem is that control of this public utility, and the definition of what is in the public interest, is in the hands of private capital. An editor of an alternative paper once asserted that "the established press represented the views of perhaps four people". Whilst four may be something of an exaggeration, it is undoubtedly true that the press currently protrudes the ideas and prejudices of tiny, unrepresentative clique of enormously rich businessmen. Thus the press both reflects and sustains the vast inequalities of power and wealth that exist in capitalist society. Though the press can identify and criticize individual capitalist miscreants, as the Sunday Times did with Distillers over the thalidomide drug issue, and this element of relative autonomy is critical for preserving the independent image of the press in a social democracy, yet the capitalist press is not free to criticise the capitalist mode of production on which itself is based, nor the class of people who own the press. (Holland, 1978, p.103).

The McGregor Commission was relatively sanguine about the systematic antagonism displayed towards organised labour in the capitalist press and calmly commented, "There is no doubt that over most of this century the Labour movement has had less newspaper support than its right wing opponents and that its beliefs and activities have been unfavourably reported by the majority of the press." (RCP, 1977, pp. 98-9). But this is quite an understatement. As Miliband has maintained, the press betrays a passionate hostility towards anything to the left of social democracy, and is militantly opposed to active trade unionism (1969). In the crucial area of the industrial politics of the working class no capitalist newspaper offers support or even adequate explanation, and in virtually all disputes the press is violently hostile to workers interests from the start. (Williams, 1978,p.22). The imagery of the media tends to conceal the pervasiveness of class inequalities, and to break up the recognition of collective class interests, by firstly emphasizing divisions of age, sex, and race, and secondly by promoting nationalism. (Poulantzas, 1973,pp.214-5). There is, therefore, in the editorial of the capitalist press both an obdurate refusal to recognise the structural social and economic problems inherent in capitalism, and a readiness to attack those who do perceive these problems and organize against them: "the normal workings of the particular economic system are never treated as if they might themselves generate serious problems. Rather, the causes of economic problems are sought largely in the activities of trade unionists who reject the priorities and purposes of the dominant group." (GUMG,1980,p.112).

The capitalist press produces popular newspapers aimed at the working class, and in this way profitably colonises certain sections of the working class market but these are not papers for the working class. There is a structural absence of working class representation in the press, and, in the cases of the Daily Express and Daily Mail most clearly, they are 'working class newspapers' for capital. (Hall,1978,p.42).

McQuail has argued with reference to the Daily Herald's "close affective ties with a particular generation of Labour supporters", that "a successful mass medium cannot afford to have too close ties to a particular set of readers, as such. It must either have a general appeal or an appeal to a social category (as youth, women, intellectuals, etc) which can be continually adapted." (RCP, Working Paper, (WP) No. 2, p.54). This ignores the fact that four quality newspapers have close ties with different sections of the middle class: what the existing economic structure of the press does not permit is a specifically workers newspaper. The press present their own capitalist values as universally valid, and present a distorted and debased conception of working class values. The commercial formula for mass circulation newspapers with a 'labour appeal' such as the Daily Mirror and Daily Star, is no more than a blend of vacuous populism and support for compromise within the existing system. "Their labour loyalties are firmly behind 'moderation', their acceptance of conventional political wisdom - the need for wage restraint today, for 'partnership' of labour with capital always - unquestioning and loud". (Westergaard, 1977, pp.102-3). The crude manipulation exerted by the popular press comes close to what C. Wright Mills condemned as monopolistic attempts to shape consciousness, deny contact with real experience and frustrate the emergence of a genuine public opinion and participation. (1956). Working class opposition has no outlet in the existing commercial press, as Westergaard observes:

"The doubts, suspicions, resentments, partial and occasionally much fuller-blown challenges to the operational principles of the current order, which also form part of popular social understandings, go largely without echo in the media. Those strains of latent subversion depend for their survival, for transmission and magnification when it occurs, on their own resources: on the circumstances of wage-earning life and

livelihood which give rise to them; on the formal and informal networks of dissident communication within labour; on resources which, resilient as they are, cannot normally draw on the financial and technical means of the media." (1977,p.113).

Instead what is offered by the commercial popular press is a form of ideological colonialism in which alien ideas and inclinations are systematically imposed on the working class as if they exclusively belonged there: bloody mindedness, law and order, commercial sex, triviality, complacency and servility. In particular, the popular press projects a brand of authoritarianism, which possesses a sinister correlation to the personality variables isolated by Adorno as composing The Authoritarian Personality:

Conventionalism. Rigid adherence to conventional, middle class values.

Authoritarian Submission. Submissive, uncritical attitude towards idealized moral authorities of the ingroup

Authoritarian Aggression. Tendency to be on the lookout for, and to condemn, reject and punish, people who violate conventional values.

Anti-intraception. Opposition to the subjective, the imaginative, the tender-minded.

Superstition and Stereotype. The belief in determinants of the individual's fate; the disposition to think in rigid categories.

Power and "Toughness". Preoccupation with the dominance-submission, strong-weak, leader-follower dimension; identification with power figures; overemphasis upon the conventionalized attributes of the ego; exaggerated assertion of strength and toughness.

Sex. Exaggerated concern with sexual 'goings on'. (Jay, 1973,p.243).

Potentially the press can fulfil a range of goals: as a forum for debate; an educator; a watchdog on government and industry; a means of entertainment; and a means of promoting social cohesion or social change. McQuail noted that journalists conceded that the entertainment function was best performed by the press though least important, whereas

the watchdog function relating to private industry was the most important goal, and the least fulfilled. (RCP, WP No. 2, 1976,p.31)

Acknowledging that the press tried to entertain as well as instruct the McGregor Commission still insisted that "it is the performance of the serious functions which justifies the high importance which democracies attach to a free press." (RCP, 1977,p.8). Yet as the void between the quality and popular press opens wider with successive newspaper departures, transformations and arrivals it is becoming clear that the popular press have abandoned any claim to be newspapers - in the sense that they convey vital information - which has determined their privileged status in the past. This degeneration in the popular press has contributed greatly to the paradox that though people now have access to more information technologies, possibly they are less well informed (Schiller, 1971,p.51).

The popular press are becoming merely entertainment sheets with less than 10% of their content devoted to coverage of public affairs, with further reductions planned, which, despite the expansion of literacy, is below that of 1936. The popular press led the "great educational debate" instigated by James Callaghan in the late 1970s, which was an ignorant attempt to arrest alternative teaching methods in the schools - yet the popular press itself had long since irresponsibly abandoned any effort to perform a properly educative function.

The Sun allocated only 7% of its editorial space in 1976 to home and international affairs, it has now no foreign correspondent, - soon it may have no British correspondents! (Curran, 1978,p.261-3). This is not the innocent diversion of hard-pressed people in need of entertainment, since by distracting attention away from the source of their oppression, the popular press serves to reinforce the existing power structure.

The central foundations of the claim to independence of the press are two powerful myths: the myth of the sovereign editor, and the myth of objectivity. John Whale contributed to the mythology with the claim that once the editorial budget is set, the commercial management leave the editorial management free to make editorial decisions (1977,p.80). The McGregor Commission had an even more inflated impression of editorial independence and integrity in the face of proprietorial demands, "We have recorded and take very seriously the possible dangers to diversity of opinion and expression which accompany the growth in concentration of ownership of newspapers. It can generate pressures which only editors can resist." (RCP, 1977,pp.154-5). This myth of editorial sovereignty arose when it had some dubious validity because proprietors edited the newspapers they owned: it was not a justification of professional independence but of proprietorial rights. Today as Tunstall maintained in a research report for the Commission, editors are totally dominated by their proprietors: though editors can impose tight constraints upon their editorial staff, editors themselves are merely middle managers. Newspapers are built around marketing plans with editors relatively minor functionaries, and editors are constrained by group policy, production requirements, and advertising needs. The majority of editors do not control their own editorial budget, defer to higher management on crucial personnel decisions, and seek approval of any editorial innovation (RCP, WP No. 3, 1977)

In its evidence to the Commission the Newspaper Publishers Association offered the unreassuring comment that: "By convention an editor, once appointed and until removed, is the sole arbiter of what appears in the paper, both of advertising and editorial matter. This makes him the focus of the papers identity, and therefore the man whose "freedom" from external pressures has to be defended." (RCP, 1977,p.154, my emphasis)

What this means in practice was revealed in an unusually frank admission by Victor Mathews, the proprietor of Express Newspapers, on

his relationship with his editors, "I see the leaders each day before they go. And I sometimes have to say 'no'. They have to change them, or there is not room for both of us..... If anything would harm Britain, then I would have to suppress it.... personally. For me it is Britain first." Interviewer, 'That is rather an odd statement, if you believe in the freedom of the press'. Mathews, "For me the country is first, Britain is first...." (BBC1, Platform One, 15th November 1979). The tragic limitations imposed by proprietors upon editorial rights were revealed in an incident following the Munich Agreement of 1938 which conceded part of Czechoslovakia to Hitler, recalled by Christiansen, the editor of the Daily Express under Beaverbrook, "I remember feeling sick when Neville Chamberlain described Czechoslovakia as "a far-away country" and I remember expressing my revulsion to Lord Beaverbrook over the telephone. But when he said 'Well, isn't Czechoslovakia a far-away country?' I agreed that it was and got on with my job of producing an exciting newspaper." The resulting headline of the Express was "Britain will not be involved in a European war this year, or next year either." (Chester and Fenby, 1979,p.23). The current orthodoxy, revealing a crippled conception of editorial freedom, is that the editor should have the right to determine the contents of the paper, within the confines of established group policy, "it is the function of the editor to execute editorial policy, not to formulate it single-handed - he should follow the policy, not the policy him" (Henry, 1978,p.5).

The ridiculous claim of the press to be 'objective' is difficult to consider seriously, since the popular press in particular makes no attempt to comply with the rules of the Oxbridge debating society deemed obligatory in broadcasting, in which 'both' sides get equal opportunity to present their case. If any effort at all is made in the popular press to present a reply to an official view it is usually confined to a half paragraph and swamped by contradictory argument. When the appearance

of 'balance' is attained it is simply through presenting the views of different sections of the bourgeoisie. (Goodman, 1977,p.79).

Alan Sapper of ACTT has argued that impartiality is spurious anyway in a society characterised by gross inequalities, and really becomes a method of commitment to the status quo. (1977,p.86). Thus a philosophical summary of objectivity by Poole maintained that:

"Objectivity is what is commonly received as objectively valid, all the attitudes, presuppositions, unquestioned assumptions typical of any given society. Objectivity implies the acceptance of the dominant social, ethical and religious views of society. Objectivity is, for all practical purposes, the totality of what is taken to be the case, believed to be the case, affirmed to be the case. Objectivity is the totality of received opinion on what is acceptable/not acceptable, desirable/not desirable, good/not good, etc. Objectivity in any given society in fact gets defined as the political and social status quo."

(Whitaker, 1981, pp.20-1).

But journalists still cling to the conception that there-is-a-reality-out-there-to-be-described: that 'the press is a mirror of reality.' The dictum of CP Scott that 'facts are sacred/opinion free' is still applied, (though the origin of this was simply the economic cost of sending too many words by telegraph;) In practice the infinite detail and complexity of social life requires the selection, assembly and interpretation of information for news production: "the news is not a neutral and natural phenomenon: it is rather the manufactured production of ideology." (GUMG, 1980p. xviii). Put more simply, "all news is views.... all facts imply or require an interpretation." (RCP, WP No. 2 p.49). Inexplicably however, the highest ideal of western journalism remains the 'neutral' presentation of 'reality': those pursuing other ideals are assumed to be producing propaganda. "Journalism is surely the

only profession where a lack of purpose is so highly esteemed, where belief in it is so deeply rooted and yet so patently absurd. Thus the function of objectivity is to deny that the news has a purpose: to transform the selection and processing of news from an essentially subjective business into a technical one; and to disguise a narrow, highly filtered and regulated picture of the world as reality."

(Whitaker, 1981, p.21). Thus behind the facade of objectivity, as the Glasgow University Media Group found in their study, "the most routine and apparently factual accounts had as their organising principle severely limited perspectives and interpretations about the nature of the social world and what is important necessary and possible within it." (1980,p.4).

What then is the political impact of the press? The Frankfurt School in the 1930s had witnessed the rise of German fascism which had employed the mass media to devastating effect as agencies of propaganda. Writers in this school therefore fully appreciated the weaknesses of the liberal defences of press freedom. On arrival in America they became aware of how the commercial values disseminated by the media had permeated every part of social life, and they began to associate the mass media with the development of totalitarianism. As one commentator put it, "Ideology for the Frankfurt School works one way, that is from above, seeping into working class consciousness as an alien and conservative force". (Curran and Seaton, 1981,p.265). The association of the mass media with mass manipulation and indoctrination, was continued by the mass society theorists who regarded the media optimistically as making up for the loss of traditional forms of integration and community, or pessimistically, as a powerful instrument for imposing the new social order with its loss of individuality and humanity. The concept of a 'mass society' therefore possessed the perjorative connotation of atomized individuals, faceless, lacking in organisation or moral regulation, and susceptible to external suggestion and irrational

behaviour." (RCP, WP No. 2, 1976, p.18). In response to this grim perspective, pluralist theorists conducted empirical research which showed that people were not isolated or atomized, that they were oblivious to, rather than hypnotized by, the mass media, and that personal contact not media persuasiveness was what counted. However the profound flaw in the pluralists' research strategy was that they adopted a behaviouralist focus examining immediate changes in audience attitudes to particular messages. Thus the power of the media to inform generally, is greater than the power of the media to persuade on a particular issue. (Curran and Seaton, 1981, pp. 265-271). Essentially newspapers do not tell people what to think about issues, they tell people what the issues are, and thus define the parameters of respectable debate. (Beckett, 1977,p.47).

The Methodology of News Gathering

Newspapers attempt to set the agenda for national deliberation. Normally they are in common agreement on the issues for discussion and the way they should be approached. The quality press gives the middle class view force clarity and coherence, whereas the popular press puts forward essentially the same ideas in a more direct and coarse fashion. Only one set of statements actually makes sense, because people are only given information to understand one set of explanations; other explanations, such as those of the left, are isolated as emotional appeals. The dominant themes and explanations are endorsed by repetition and emphasis, whilst alternative explanations are refuted in passing quickly over them. As the Glasgow University Media Group discovered, journalists seem to be unable to encompass or explore the rationale of alternative world views: "there is an attempt to reduce the plurality of meanings inherent in any social conflict to a set of simple formulae or frames of reference which are at best an ideological defence of the legitimacy of the status quo." (1980,pp. 115,124). Thus the press proved itself a loyal servant of Thatcherism, and faithfully reproduced the appropriate

ideological barrages of exhortation, however flimsy the analyses on which they were based. It is the failure to explain the context of problems, and the competing analyses of them, which creates the celebrated 'bias against understanding'. As one outraged trade unionist put it, "Everyone is against secondary picketing, but they don't even know what secondary picketing is. Everyone is against Quango's, but no-one knows what they are. This is the influence of the media!" In press reporting therefore, workers are systematically deprived of what C.Wright Mills termed a 'vocabulary of motive': supportive language which provides acceptable grounds for social action. (Horowitz, 1967, pp. 433-4). Workers always claim, demand, or threaten, and if they take industrial action it is synonymous with industrial 'trouble'. Management always offer, propose or concede, and only if they are 'provoked' do they take 'understandable' action. A settlement or agreement is assumed to be in everyone's interests however the terms affect labour. (GUMG, 1980, p.187). Thus it is important to examine the framework of news rather than the details, and to understand the underlying values.

Tom Burns has remarked that the news is not a mirror reflecting society at large, but a mirror reflecting the vision of society held by journalists. (GUMG, 1980, p.3). Journalists have the awesome discretion to decide what the news is amongst the complexity of social reality, in one sense: news becomes news because it appears in the papers. The development of common news values becomes a critical tool of discernment which induces a common approach across the different news media, as the McGregor Commission acknowledged "The pattern of news coverage extends, with relatively minor exceptions, across the whole range of national dailies, and stems from the combination of common news values and heavy reliance on official sources and spokesmen." (RCP, 1977, p.86). Besides the deadening uniformity it imposes, the dependence on 'universal' news values assumes that everybody lives in the same social world and

sees it the same way. Newsworthiness is assumed to be 'natural' and 'obvious', an intrinsic property of events, which journalists recognise instinctively. Justification of news values tend to be circular arguments about what is 'interesting' or 'relevant'. (GUMG, 1980, pp. 112-3). However, as Whitaker warns, "it should not be forgotten that a handful of men dominated the national daily press (and particularly the popular press) in its formative years and shaped its news values - values which have been handed down largely intact to today's journalists." (1981,p.58). Typical examples of news values are: waste in the public sector; efficiency in the private sector; the achievements of (wealthy) individuals; intimidation by trade unions; sex and scandal with anything. How the application of news values intrudes into editorial coverage, even when hopelessly inappropriate and unhelpful, was shown in one example cited by the McGregor Commission: of a sample of 201 items on school education, 24 had sex as a theme, 22 criticism of the government or local authority, 16 violence or conflict, 12 scandal or misconduct, and 12 left wing activity. Thus at least half of the news items presented a rather distorted assessment of what routinely happens in the educational system!

Why journalists do not represent the different views of their readership more adequately instead of applying professional news standards, has been excused by McQuail as simply a problem of scale: "the general problem is one of uncertainty arising out of the scale of mass communication. The journalist cannot personally know his readers or fully grasp and sympathise with the diverse mass readership of a large newspaper," who goes on to quote Gans that "there is an almost total lack of contact with and knowledge about the audience amongst newsmen" (RCP, WP No. 2, 1976,p.33) This view neglects the deliberate effort by newspapers to insulate their staff from contact with, or influence by, the readership, particularly when this is composed primarily of members of the working class. Condescension can then be built upon a bedrock of deep ignorance of how

working people think and live. Arthur Christianson, the prestigious editor of the Daily Express was fond of referring to what "My friends in the backstreets of Derby would think..." Christianson had no friends in the backstreets of Derby. The pickled observations of overpaid senior columnists and sub-editors, fresh from another intrepid exploration of El Vino's wine bar, should not be misconstrued as an authentic expression of working class opinion.

"The newspaper is not a mirror of reality, but the realisation of the potential of its sources." (A.Smith, 1977,p.182). The sources journalists consult are therefore critical in the construction of news stories, and yet little effort is made to employ a wide cross-section of sources, on the contrary the primary criteria of news sources is that they are easy to contact and 'acceptable'. A startling indication of the dependence of the press upon receipt of information from official sources is that only 3% of stories on social welfare, for example, originated from newspapers own investigations. (RCP, 1977,p.85). Sources monitored routinely include parliament, councils, police, courts, royalty, companies, political parties, pressure groups and prominent people. Whitaker, a working journalist, explains:

"What an examination of published stores and their sources reveals is that news - certainly the serious news - is mainly a one-way traffic: 'Them' telling 'us' what they want us to know. Any senior politician, company, trade union leader, 'personality', or even a bishop can get their message over to the masses simply by issuing a statement, giving an interview or holding a press conference. The press, being 'objective', faithfully reproduces the message, even if it is a pack of lies, or just plain daft. What matters is that we pay attention to the right people." (Whitaker,1981,p.32).

Thus the collection of 'evidence' usually consists merely of the collection of official opinions, which has become the stock way to write a story: "the organised production of news puts those with a vested interest in the political and commercial status quo in a position of being the defining authorities of truth, and the originators of news values." (Murphy, 1978,p.188). The potentially insidious nature of this collusion between the media and those in authority is revealed in an incident in the Danish press described by Mortensen and Nordahl Svendsen:

" 'Just call the chairman' was a set routine in many of the local papers. A worker who had worked for 39 years at an iron foundry was not judged by one editor to be a competent person as a source about his destroyed lungs. The journalist had to counterbalance the evidence through an interview with the director who denied any relationship between mineral dust particles and silicosis. In this instance, the journalist was sufficiently involved to engage a third source, a physician, who agreed with the worker. Thus counterbalancing ritual is not started when it is an authoritative source who pronounces." (1980,p.174):

With the growth of the press has occurred the growth of occupations which attempt to manage a continuous flow of favourable information for their organisation, thus many press 'stories' are simply public relations handouts with a few lines altered. But when significant information escapes which has not been officially sanctioned, "the public relations industry, usually so ready to diluge the press with unsolicited information, jerks sharply into reverse gear to protect business or officialdom". (Whitaker, 1981,p.61). However, journalists are usually so dependent on a steady stream of officially approved information, that they are rarely prepared to risk offending their sources, a vice institutionalized by the parliamentary lobby correspondents, as Whale has remarked, "Journalists

are disciplined receivers of requests not to write about things."

(RCP, WP No. 2, 1976,p.35). This symbiosis of the press with powerful institutions serves to shut out the working class from any access to the media. Equal access to express an opinion or provide information does not exist. "Access is structured and hierarchical to the extent that powerful groups and individuals have privileged and routine entry into the news itself and to the manner and means of its production." (GUMG, 1980,p.114). Of course the 'letters page' in the popular press is a long standing joke, with tiny fragments of letters confined in a small section of the page, crowded out by ads, and clearly selected simply to repetitively reinforce the particular prejudices of the newspapers editorial. Ordinary people are considered a 'difficult' source of news since they are not waiting at the end of the telephone with a readily digestible press release. "There is also a feeling that ordinary people are unreliable sources. This is due, not so much to any belief that individuals deliberately give false information, as to a realisation that if what they say is contradicted by more powerful voices there is nothing to fall back on.... What is said matters less than who says it." (Whitaker, 1981,p.38). In a final twist, 'authoritative' sources are usually granted the privilege of remaining anonymous when they request it, whereas working people when named in connection with critical stories are far more open to victimization. In conclusion, "newspapers own needs seem to give them more in common with powerful institutions than with ordinary readers." (RCP, WP No. 2, 1976,p.38)

The methods and constraints of editorial construction can be viewed with sharper focus at the local level. Local papers are important not only because they are the sole media dealing with the problems of small communities, but also because they often have the first contact with problems which later emerge as national issues: "They are a crucial link in the news-gathering chain and a basic source for news for the national papers and television. Thus the deficiencies in local paper's

coverage tend to be perpetuated (rather than compensated for) in other sections of the news media." (Whitaker, 1981,p.30). Most journalists on the national press receive their basic training in provincial newspapers, and acquire their initiation in news values at this source. Though there are hundreds of local papers, the vast range of titles is deceptive, since typically they are very similar products, with intensely commercial and conservative editorial orientations. Even the McGregor commission was forced to concede that, "In the political opinions which they represent... these papers do not extend diversity of political support as they are all either uncommitted or right of centre." (RCP, 1977,p.79). One reason examination of the content of apparently diverse local newspapers reveals a remarkable consistency, is that they are all supplied with national news by the Press Association (PA) news agency. In an impressive article in the New Statesman titled "The power by which Despotism begins", Bruce Page and Christopher Hird compared the operation of the Press Association to George Orwell's Ministry of Truth:

"On essential national issues the British public gets most of its news coverage from a single source - individual newspapers acting rather like "own-brand" retailers in relation to a centralised wholesaler... There is something curious about the idea that a single organisation can produce 'news' which is more accurate than the product of a number of independent organisations. Implicit here is the idea of news as an objective commodity, centrally generated and dispensed (if there is only one version, it must inevitably be the most 'accurate')... In effect, the PA functions as a news-cartel, organised by the newspaper companies for their own benefit: it eliminates substantial competition among newspapers for the supply of the principal commodity which they

offer to the public. Among the provincial papers, which are mostly geographical monopolies, the elimination of competition is almost complete." (29 February 1980).

Dependence on PA news contributes to the extreme uniformity of the local press, which is intensified by the use of identical feature articles in newspapers that are part of a commercial chain: as the McGregor commission noted the result can be two papers with different titles serving different towns with 18 out of 20 pages identical. (RCP, 1977, p.81). The final consolidation of this local news monopoly is achieved when local radio stations and local newspapers (often with the same owners) provide each other with the details of local stories.

Robert Park writing about Chicago in the early decades of the century suggested that the newspaper can help to re-establish in the city the lost sense of community of a previous age, "the motive, conscious or unconscious, of the writers and of the press in all this is to reproduce, as far as possible, in the city the conditions of life in the village.." (RCP, WP No. 2, 1976, p.17). Maybe more responsive local newspapers could achieve this, but the contemporary effect is more prosaic. Barely distinguishable from the advertising free sheets which are now their greatest rivals, city newspapers pump out an endless supply of tawdry enticements to buy, combined with doses of reactionary politics, peculiarly nasty social comment, and superficial appeals to enjoy the deformed social life they advocate. Whitaker had to endure this nauseating editorial style as a journalist on the Liverpool Post and Echo: "Jollity and cheerfulness radiated from their valium impregnated paper... The message was simple: 'forget your problems, spending money will make you happy. It certainly made the advertisers happy and at Christmas the Echo merrily reported hearing "the jingle of cash registers in the shops." Cox and Morgan in their study of the Merseyside press and politics, pointed out that the press was part of the local political establishment; and that commercial considerations inhibited investigative journalism, which would be expensive

to conduct, and was not necessary in a situation of quasi-monopoly to win readers. Similarly, Murphy came to a set of dismal conclusions that, "Local journalists and editors are mainly concerned with the day-to-day task of producing a profitable newspaper. They cannot afford to offend potential contacts, they are interested in producing a readable newspaper at the lowest cost, they need to maximise the predictability of news content, they avoid stories which are likely to be troublesome for no profit, and service to journalistic ideals of freedom and public guardianship comes low in the list of priorities." (RCP, WP No. 2, 1976, pp. 28,36).

The Bureaucratic Manufacture of News

According to Mayer, Max Weber asked a series of highly pertinent questions in sketching out a programme of research on the press, which, in true sociological fashion, remained unattempted:

"What are the power relations which create publicity, particularly the conditions of economic power? ...How does the press get its material? What is the position of the great news bureaux and how are they internationally related to each other? What is the position of the creative journalists in this intrinsically rationalised system of the modern press?" (RCP, WP No. 2, pp.16-17)

Pursuing this approach, Tunstall denoted the newspaper office as a 'non-routine bureaucracy', recognising the potential for conflict between the creative and innovative orientations of journalists, and the organisational requirements of predictability and accountability (1971). In the contest between creativity and bureaucracy, invariably it is the latter which dominates, refining and packaging information in a continuous flow. "The business of any bureaucracy is the routine production of sequences of activity that are anticipated and guided by formal rules." (Rock, 1973) McQuail claims that it is the "technological requirements

of the production process and the inescapable disciplines of achieving a finished product to a deadline", which leads inevitably to "the routinisation of as much activity as possible and a high degree of bureaucratic organisation, division of labour and standardisation." (RCP, WP No. 2 (1976) p.36); an analysis which disregards the degree to which bureaucratic organisation is imposed not simply to maintain a regular editorial output, but to restrict the editorial within carefully regulated parameters. In the Soviet Union the bureaucratic organisation of the news causes delays as "speed is subordinated to political correctness", whereas in the West the emphasis is on hitting the newstands as fast as possible with fresh stories. (Whitaker, 1981,p.44). However this is not a distinction between manipulatory propaganda and instant truth, but between different types of news bureaucracies: one which completes the packaging of stories after the event, and one which pre-packages stories ready for the events to happen! Thus in the West:

"What is printed, especially the news part, is less a true reflection of what is really going on in the world or of a reader interests than of the somewhat arbitrary outcome of a particular organisational system and its distinctive culture. The main line of argument is that news media have such a stake, organisationally, in maximising the proportion of the content or of their daily work which is predictable and susceptible to planning that they tend to manufacture it in advance, or at least fulfil their own prediction about what is going to be news, to the relative exclusion of what is unusual or unexpected". (RCP, WP No. 2, 1976,p.36)

Hierarchical editorial control and production predictability are associated with the central features of newspaper organisation. In a study of newspapers as organisations Engwall quotes Thompson's observation that "organisations subject to rationality norms seek to seal off their core technologies from environmental influences", (1978,p.139);

(though of course this proposition does not inquire under whose rationality newspapers are subject, and why the rationality of those who are part of the social environment should be excluded)? Four methods of regulating production are examined by Engwall: buffering, levelling, forecasting and rationing. Buffering consists of building stocks of relatively timeless material including human interest stories, features and editorials. This stockpiling includes not only manuscripts, but printed sections, and previously composed material which can be used again such as headlines and advertisements. (A recent Panorama programme on China, (BBC TV 3 August 1981) amusingly discovered that the political cliches of the People's Daily were used so frequently, that they were kept in pre-composed type to be slotted in where necessary - unfortunately the same analysis was not extended to the British press). Levelling involves setting different deadlines for the delivery of material to avoid the situation of sporadic arrivals of editorial copy and then a last-minute flood which the composing room cannot manage. Forecasting consists of predicting those items which cannot be levelled or buffered. This is achieved by routinising the unexpected through the typification of news, with a basic dichotomy between 'soft' news which can be temporarily delayed, and 'hard' news which must be carried immediately. Hard news itself divides into news of pre-arranged events, spot news of sudden events, and continuing news of developing stories. The extent to which stories will be carried is decided by rationing: with limited editorial pages many stories must be cut or dropped in order to carry some news which arrives late. Of course, the top priority remains the advertisements for which the pagination will be expanded or contracted as necessary, whereas the editorial can rarely claim extra pages. All of these organisational strategies are complementary and are intended to preproduce and regulate the flow of editorial material. This effort reaches the extreme in the advance writing of obituaries, for example, apparently Leonid Brezhnev's obituary was

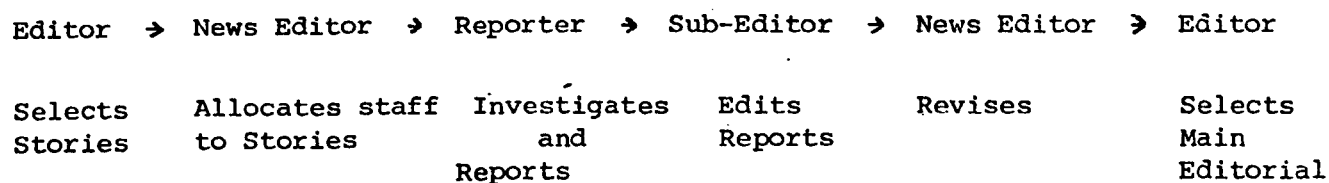
prepared in 1962! This practice is not without its hazards - one Swedish newspaper accidentally published the obituary of Winston Churchill years before he died! (Engwall, 1978, pp. 139-156).

To fit in with this organisational pattern the creative urges of journalists are crushed into a state of regular conformity, by the frequent use of devices which induce writers to anticipate and avoid disapproval by superiors. These include attendance at editorial conferences, indications to avoid certain topics, editorial blue pencilling, the loss of perks, and damage to career prospects. The result is that reporters become merely technicians restricted to the task of writing a story to general specifications drawn elsewhere. (RCP, WP No. 2, 1976, p.32)

"It is as though the journalist has to fill in an outline that has already been drawn and he or she already knows what should go in before the 'news' has happened". (Walton and Davis, 1977, p.127). The people who draw up these specifications are the executives, editors, and sub-editors, who are concerned with the presentation of information, not its collection, and who greatly outnumber ordinary reporters. In the popular press almost every story submitted by reporters is extensively re-written by sub-editors. The systematic inclinations among journalists which serve the same effect, encompass self-selection and pre-socialisation for a castrated role, and internalised censorship to avoid waste of effort. The officially sanctioned sources of inspiration for news include precedent, editorial colleagues, and superiors. Thus a Swedish satirist has commented "When journalists make public statements, they say that they write for their readers. They seldom admit, not even to themselves, that they are actually writing for their bosses." (Engwall, 1978, p.118).

The editorial conference has been described as "surely the most organised, coherent, continuing, and centralised process" of all mechanisms for socialisation. (Sigelman, 1973, p.138). Rarely is there any genuine development of ideas allowed at these meetings, or mutual criticism. In particular, collective criticism of the editor is

avoided, allowing the editor to isolate the contributions of individual journalists. Thus the 'freedom of the editor' often amounts in practice to the freedom of the editor to dictate corporate policy to journalists. (Murphy, 1978, p.188). Journalists often find they are hampered by rigid editorial instructions, with sub-editors performing a 'quality control' function on everything they write. The process of news production therefore normally consists of at least three filters before any original copy gets anywhere near a printed page:



The reporter is the sole point of connection with the people and events involved in the story, and yet his work is used simply as raw material from which sub-editors fashion what they like, which encourages systematic distortion. "The reporter, however, erroneous he or she may be, however ideologically blinkered, has at least to do business with real events. It is difficult to manipulate reality when one is in face-to-face contact with it. The principal requirement for manipulation - including, of course, that most dangerous form which derives from unspoken assumptions - is remoteness from the event." (New Statesman, 29 February 1980). In this process, journalists are made to attend to the Four Ws: What, Where, When and Who? Exploration and interpretation of the question Why?, tends to be the prerogative of senior editorial personnel. Such conditions and constraints cause immense frustration and disillusionment among journalists. Engwall records the comment of one that, "Once I was committed. But now, after more than ten years in the trade, the commitment is gone. It's just a job, a way to earn a living..." and another, "A colleague of mine said to me that he feels like a used car-dealer, and he wouldn't buy a car from himself!" (1978, p.154).

On the very rare occasions when journalists escape this internal control system and attempt to pursue controversial stories that reveal those in authority in a critical light, they are faced by a panoply of external laws and regulations which intimidate all but the most determined. In Britain libel laws leave journalists cruelly exposed: "British law is the enemy of the British press. It circumscribes press virtues and comforts press vices.... London has become the libel capital of the world...." and yet "the libel laws offer no protection to the privacy of the ordinary person: they function to confer a tax-free bonus on wealthy public figures." (Robertson, 1978, pp.203-219). Furthermore, although in any democracy the public should have the right to know the basis upon which all official decisions are made, and have access to all relevant information, in Britain there is an obsession with secrecy, and the Official Secrets Act is applied randomly in most 'public' institutions. The punitive response of successive British governments to investigative journalism compares badly with the statutory support of Freedom of Information legislation in the US and other countries. The frightening prospect is that a Watergate could never happen in Britain, because the journalists responsible for the publication of incriminatory material would be locked up as soon as the first article appeared.

CHAPTER FIVETHE POLITICAL ECONOMY OF THE PRESS III: INDUSTRIAL RELATIONSAND NEW TECHNOLOGYINDUSTRIAL RELATIONSIntroduction

The industrial relations of the press can only be adequately understood in the context of the political and material conditions of the press industry, and the defensive trade union response to those conditions. For however powerful the print unions, they only exercise a limited and protective power over employment, production, wages and technology. In contrast the employers have a strategic power to decide the existence of a paper, the type of paper, and the editorial purpose.

The development of the newspaper industry has been central to the advance of capitalist industrialisation:

"...The industry has repeatedly been in the front of social, political and cultural change. Printing was among the first trades to use the workshop system; it was transformed by industrialisation in the nineteenth century; technological innovation secured its position as a vital vehicle for ruling ideologies; and in the present century it has assumed many of the features of monopoly capitalism - mass production, capital concentration and market standardisation." (Marshall, 1983, p65)

Yet the newspaper industry remains one of the last enclaves of craft autonomy in the face of capital's incessant efforts to restructure the labour process through technological and organizational innovation to outflank resistant workers and impose a more intensive division of labour.

Chapel Bargaining

The survival of entrenched print union chapels jealously guarding their bargaining rights and achievements against incursions by management, union officials, or other chapels, is explained by the peculiar features of the newspaper industry. The highly perishable character of the product makes it impossible to catch up on lost production; tight production schedules constrain management's freedom to manoeuvre; the intensely competitive newspaper market makes proprietors reluctant to lose circulation; and fragmented bargaining institutions encourage competitive and unpredictable bargaining. The fragmentation of bargaining is compounded by the many changes required in the product with successive editions, and fluctuations in the level of activity in the product market, with the result that discontinuities in production are extremely frequent in every department. Discontinuities in production lead to the development of a system of payment by task: employers could not define tasks clearly, and they had to pay for constant co-operation with changes. Payment by task meant a large number and variety of components of pay which encouraged the development of collective bargaining. Sisson has detailed the kaleidoscope complexity of constantly changing Fleet Street pay differentials mobilised by continual chapel bargaining. (1975)

In the mid-1970s there were 360 chapels in Fleet Street, and each independently bargained on pay, manning, and conditions, with much success. This bargaining produced considerable wage drift, or wage drive, ACAS recorded the extent of the difference between industrial basic rates and average weekly earnings: in 1961 earnings were one and a half to two times basic rates; by 1970 they had become two to three times basic rates; and by 1975 three to three and a half times basic rates. However despite the efforts of the chapels, Fleet Street earnings did not keep pace with those in manufacturing industry: in 1970 earnings in Fleet Street were 65% higher than those in manufacturing industry;

by 1975 they were only 39% higher. The inclination to maximise earnings had been tempered by the determination to maintain employment in the industry. (ACAS, 1976, pp 45-6)

By a pre-entry closed shop the chapels' control employment, production, and the discipline of labour in what are essentially self-governing bodies. ACAS admits, "From a trade union point of view the industry is one of the most tightly organised in the country. Not only is trade union membership high, and universal in production areas, but the degree of production control exercised at the workplace by the chapels has few, if any, equals in Britain." (1976,p5) This chapel strength is aimed at outsiders and union officials, as well as management and employers. Though "the printers chapel is often idealised for its workshop solidarity, egalitarianism, and mutual responsibility," (Cockburn, 1983,pl6), print chapels do deserve Turner's categorisation of them as "exclusive democracies" with implications for those outside. (1962) As Cockburn reveals, the all male chapels could be ruthless in excluding any but a chosen few from the trade, and women were kept out at all costs. "If there was bitterness among craftsmen, the abyss separating all of them from the semi-skilled and unskilled categories of printing labour was wide, deep and acrimonious." (Cockburn,1983, p41)

Print union leaders and officials often have a difficult relationship with their Fleet Street chapels. In disputes chapels are reluctant to involve full time officials who are normally called in on management's initiative, and are often resented by the chapel because they tend to secure less advantageous agreements than the chapels could themselves. ACAS records the despair of management at the growing shopfloor disregard of national trade union directives. The full time officers were "unwilling or unable to prevent unconstitutional action by chapels even where they might privately agree a claim is unjustified. Some were also said to be difficult to contact when disputes arise." (1976,pl23)

The most salient feature that emerges from the many studies of industrial relations in Fleet Street is that essentially the chapels are self governing associations to which the managements sub-contract print work. Management has little control over personnel, production, and maintenance, and changes cannot take place without chapel consent. Often the best that management can hope for is that the FOC will consult with management over chapel decisions: a form of joint consultation in reverse ! The prevailing pattern of authority relations in the newspaper industry between management and unions is therefore one of antagonistic detachment: industrial relations are inherently conflictual with periods of cease fire abruptly interspersed with brief, but intense disputes. Simon Jenkins, formerly editor of the Evening Standard, refers to the "nightmare" of management "wrestling with almost constant labour unrest...A manager of my acquaintance compared his job to that of a provincial governor in India during the Mutiny: 'One's whole time is taken up suppressing the latest revolt and predicting where the next one is going to flare up - apart from the time spent convincing one's superiors that all is under control.' " (1979,p69)

At the official level the frequency of industrial disputes in national newspapers is frequently underestimated, as in the analysis in Chapter 11 and the tables in Appendix 11 of the ACAS report on the industry. (1976) The origin of this misconception lies in the definition of industrial disputes by the Department of Employment which exclude stoppages involving fewer than ten workers and lasting less than one day, except where the aggregate of working days lost exceeds 100. Yet in the newspaper industry stoppages involving small groups of workers, or only a few hours of a shift, may have devastating consequences for the production of an edition. Longer stoppages are rarely necessary, as far as the chapels are concerned, in order to extract a settlement from management. As the Royal Commission itself concluded, "The official

figures are inadequate. They do not provide a complete record of stoppages in the industry or of the fact sanctions can fall far short of a stoppage of work yet still cause disruption and loss of production." (1977,p218)

Thus Jenkins records how in 1977, for example, "Not a single newspaper was free of labour troubles. Without actually going on strike , and losing wages as a result, chapel tactics had succeeded in costing Fleet Street over 100 million daily papers lost and over 25 million Sundays. This staggering total was roughly the equivalent of the whole of Fleet Street going on strike for ten days." (1979, p 107) (Of course Jenkins does not offer any data to support these estimates !) Thus in this context employers representatives were left to bleat on hopelessly, such as Sir Richard Marsh, chairman of the Newspaper Publishers Association (NPA), that in almost nightly stoppages chapels would not observe procedures, that unions could not give assurances, and that the rank and file should be disciplined. Often the employers rhetoric spilled into academic accounts of the troubles of the industry "It is no exaggeration to say that in the short term many proprietors publish their newspapers regardless of the costs... the damage which the chapels are able to inflict by taking industrial action is virtually incalculable... the frightening dilemma with which the managements are faced..." (Sisson, 1975,p138) That this rhetoric has had so little effect upon the practices in the industry is explained partly by the impression that survival seems often to be based on the whim of the proprietors. (Sisson, 1975,p102) Secondly, in the late 1970s when several national newspapers seemed in danger of folding there was no shortage of potential saviours of this cultural heritage. Finally, the resolve of the employers to control labour disputes in the industry, freely expressed at every opportunity in general terms, seemed in practice secondary to securing competitive advantage over rival publications: "collusive agreements to forgo taking advantage of

competitors' industrial relations difficulties have proved fragile, both inside and outside newspapers." (Martin, p1981, p51)

The weaknesses of the national newspaper industry management, and of the NPA itself, are usually attributed primarily to the domination of proprietors who adopted a short sighted and ad hoc approach to dispute settlement. "Examples were given where a collective position taken by NPA members had been rapidly undermined by individual houses settling with unions. Such cases, it was felt, served only to bring the Association into disrepute and to impair its credibility in union eyes during subsequent negotiations." (ACAS, 1976, p79) However in the context of the escalating costs and less comfortable profit margins of the 1970s, the pressure for a wholesale restructuring of industrial relations in the national press, and the reassertion of managerial control began to mount. It was thought that although labour was not the largest item of total costs, production wages were one of the largest items which could be made subject to management control. (Sisson, 1975, p142) Previous management efforts to achieve this did not inspire confidence, the productivity bargaining of the 1960s had resulted in comprehensive agreements in the newspaper industry intended to codify and formalise agreements, reduce manning and control wages. But due to sophisticated chapel bargaining, "What began as a management attempt to link earnings directly to improvements in productivity frequently ended as a strategy for avoiding incomes policies and providing a consolidated platform for further increases in special payments." (Martin, 1981, p49) The work of the Royal Commission and the ACAS survey of 1976 provided a fresh opportunity to completely overhaul the industrial relations structures of Fleet Street.

Procedural Overhaul

ACAS recommended the procedural overhaul of Fleet Street along orthodox Donovan lines:

i) To develop more comprehensive bargaining and consultative procedures within publishing houses by establishing Joint House Committees in place of the ineffective Federated House Chapels, with representatives of each of the chapels, but also a full time officer from each of the major unions and senior management.

ii) To develop and support new joint standing procedures linking the Joint Standing Committee composed of senior union officials and chief executives to the Joint House Committees. The Joint Standing Committee would supervise the introduction of new technology as well as manpower problems.

iii) The strengthening of the organisation and policies of unions and management so as to promote more authoritative collective bargaining, in particular the creation of a single union for the print industry.

(1976, pp183-210)

Though ACAS was careful to avoid the political implications of the procedural reforms it proposed, the intention was clearly to weaken and minimise the influence of chapel bargaining, and to prevent unofficial militancy. The insistence upon more "authoritative collective bargaining" was an attempt to shore up the authority of management and full time officials, and weaken the authority of chapels. However in a shattering moment of truth ACAS acknowledged, "No disputes procedure, however well designed, can prevent disputes arising where irreconcilable conflicts of interest arise." (1976, pl89) Thus the essence of the ACAS proposals was included in a Programme for Action agreed between the general secretaries of the print unions and the chief executives of the publishers. These proposals were put to union members early in 1977 and all the unions except the NUJ rejected them. Equally participation schemes, keenly suggested by management in times of crisis, such as in 1974-75 in Beaverbrook, supposedly to create a new environment of trust and eliminate destructive conflict, the chapels recognised were designed for a one way flow of information to pass

on decisions made by management. Management were enthusiastic about participation during the crisis, until they achieved changes to their advantage, when participation atrophied. (ACAS, 1976,p141) Anyway, as far as many matters proposed for participation were concerned, as one print worker put it, "We don't want participation. We've already got worker control." (Jenkins,1979,p61) Thus despite the almost touching optimism of ACAS that at last there were signs of a willingness to introduce changes in industrial relations in Fleet Street, a deep division between management and unions has remained to the present day, with chapels exceedingly reluctant to concede any changes whatsoever, and profoundly suspicious of the motives of management.

Editorial Exclusion

The clearest indication of the structural antagonism which exists between management and workers in the newspaper industry, is how the chapels are completely excluded from having any involvement in the editorial content of the newspapers they produce. This is one strategic power which management have refused to concede at all, even granting wage awards to prevent 'interference' ('a licence to print lies' one printing engineer called it). The result is that it is difficult for print workers to identify with the product they produce, whatever their pride in their skills. Even the NUJ is prevented from having any say over editorial content. Interestingly, the only area in which the last Royal Commission was prepared to consider significant intervention in the press was in its proposals for a press charter, all seven clauses of which detailed "essential safeguards" to prevent the NUJ exercising influence over the content of the press. The Commission proposed changes to the rule book of the NUJ exempting editors and other senior personnel from union membership; and limiting the ability of the union to secure compliance of members to majority decisions. The purpose of these proposals was to protect proprietors from any influence

of labour in deciding editorial policy, while preserving essentially intact the proprietors power to determine editorial objectives. (RCP, 1977, pp 157-166; Curran, 1979, pp 77-78)

The underlying assumption of the press freedom charter was made clear in the Commission's discussion of the closed shop issue, which it portrayed as a conflict between two "Valid but competing claims," on the one hand the freedom of a union to represent its members in the industry, and on the other hand, the freedom of the press:

"For the NUJ, the first priority is the freedom to improve the earnings and conditions of work of its members and to deploy the maximum strength for collective bargaining to this end. For those on the other side, what matters most is to secure the freedom of the press because they cannot 'conceive of a civilised society that does not regard as its first priority the right of a man to express what he believes in whatever form he thinks appropriate, subject to the control of the law.' " (RCP, 1977, p 160)

The Commission accepted this simple and distorted representation of the conflict advanced by the Newspaper Publishers Association: that is, press freedom is synonymous with proprietorial control of the private property of the press in a free market. The "right of a man to express what he believes" in this system applies only to the proprietors and their appointed editors, it does not apply to the tens of thousands of workers in the newspaper industry, or, for that matter, the tens of millions of workers outside the newspaper industry who could never gain access to its pages. (Curran, 1979, pp77-79)

Most commentaries on the industrial relations of the newspaper industry do not treat the exclusion of the print and journalists' unions from any influence over editorial construction as part of their concern. (Though this is normally part of a refusal to consider any aspect of editorial policy or wider issues of ownership and control

as relevant to the study of the industrial relations practices of the industry). Sisson approvingly quotes the Economist Intelligence Unit's Report that proprietors often direct their energies solely towards the editorial function, leaving the chapels relatively satisfied to concentrate on production matters. (1975, p169) Martin is content with C.P. Scott's simplistic distinction between the press as an 'industry' and as an 'institution', which conveniently allows him to ignore any impact the framing of editorial policy may have upon industrial relations. On page one of the ACAS report it records how, in inviting ACAS to study the industrial relations of the newspaper industry the "Commission emphasised the central importance it placed on any study of industrial relations taking full account of the context provided by the wider issues set out in the Commission's terms of reference." (1976) These terms of reference included "to inquire into the factors affecting the maintenance of the independence, diversity, and editorial standards of newspapers..." Yet this is what the ACAS report signally fails to do (as, it could be argued, the Royal Commission itself failed to do). There is no questioning of the nature of proprietorial ownership and control of the press, and dictation of editorial policy, beyond occasional references to its effects upon managements freedom of action. There is no exploration of the systematically anti-trade union bias of press editorial. The only reference to the financial structure of the press, (in particular the dependence on advertising revenue), comes when ACAS recognises that a number of national newspapers were financially precarious, and therefore efforts to control and eliminate industrial conflict must, ACAS insists, be redoubled. Indeed the Royal Commission in its report, not only defended the proprietorial editorial sovereignty of the past, but was determined to preserve it in the future, as revealed in the comment on the possible introduction of industrial democracy in the industry that "whatever arrangements are eventually

made it, it will be vital to maintain effective editorial independence under them." (1977, p 227)

Such approaches are not the inevitable result of harmless academic specialism, or the scientific and practical necessity to limit the focus of study. Hyman has noted Aron's comment that students of industrial relations often "at the outset brush aside questions concerning the ownership of the firm or the structure of society... Not to ask these questions (which are called ideological or political) is to ask them in a particular way." He goes on to insist:

"It is to endorse by default, the unquestioned structure of power and control; and hence to define the orientations of study as the accommodation to this structure of the institutions and processes of industrial relations. It is to embrace what Mills (1959, pp95-99) has termed the strategy of 'illiberal practicality'. In this respect the study of industrial relations exhibits in its clearest form the practical implications of the absence from modern social studies of an analysis of the total society." (Hyman and Brough, 1975a, pp 195-6)

Nor is it sufficient excuse for commentators to point to Fleet Street print workers' - among the most ancient members of the aristocracy of labour - lack of inclination towards a socialised press with democratic access to policy making. It is true that whenever a newspaper becomes vulnerable the sole concern of the print chapels seems to be to maintain employment through preserving the title under another promising millionaire or multi-national. (As in the painful illustration of this narrow economism that the editorial criticisms of the safeguards proposed by the Monopolies Commission in the Lonhro takeover of the Observer, that they were "illiberal, unworkable, unacceptable," did not reach most of the readership because of a dispute over differentials between NATSOPA and the NGA). For whatever

the relative powers and privileges of print workers, they are still wage labour subject to the direction of capital, and have imposed upon them an acute division of labour with the enforced formal separation of intellectual and manual labour, which encourages them to view their newspaper as simply a commodity. (Workers at the Thomson Withy Grove print works in Manchester print the northern editions of the Daily Mirror, Daily Telegraph, Sunday Mirror and News of the World, presumably finding little to distinguish between them !) As one worker put it:

" Forced into acceptance of conditions over which he feels he has no control, the worker with no other visible alternative but dependence on the monopoly, feels himself trapped. He is working for an empire which not only makes millions of pounds profit, but which uses its power and influence to disseminate ideas designed to direct him away from any rational solution to his problems. Engaged in what should be a cultural field, he contributes little and is forced into a position of indifference to everything but Friday's wage packet. (Doyle, 1967, p107).

Whether print workers will ever exercise the militancy they amply display over pay and job control in the more ambitious areas of editorial control and enterprise direction, will depend upon them being convinced that there are important benefits in a socialised press, which the capitalist press can never provide. Perhaps one movement in this direction is the 'Right of Reply' campaign: "One of its most important elements is that it encourages trade unionists working in the newspaper industry to consider the content of the press and their own role in producing it; and to work out by democratic means of discussion and decision making, ways to compensate for misuse of the press, and to extend access to it." (CPF, 1981, p5)

NEW TECHNOLOGY

The protracted political and economic crisis of Fleet Street has led management to attempt a major restructuring of the labour process around the new technology. But the technicist language should not obscure the fact that the technical solution for management involves the defeat of labour. Rex Winsbury in a paper for the McGregor Commission argued that whatever the financial savings of the new computer technology: "A bonus in the eyes of many US managements, is that... they believe they will be rid of the constraints of the printing craft unions, which will have vanished along with the technology that created and defined them." The production director of the American Newspaper Publishers Association put it more bluntly, "technology is useless without eliminating people." (RCP, Working Paper Number 1, 1975, p19) In meeting the challenge posed by the new technology, sectional chapel bargaining, so effective in wage competition, could prove a liability; thus commenting on the almost total defeat of the print unions in America, Zimbalist claims: "Labour has been weakened by the historical experience of craft unionism in the printing industry. More energy has been devoted to delineating craft and union boundaries than to fashioning craft and union solidarity." (1979,p124) Fragmentation of bargaining could allow the management to play off chapels against each other, to the overall disadvantage of print workers. (Martin, 1981,p72)

Employment

In general the primary objective of management in introducing the new technology is to reduce labour costs. It is in clerical occupations in the service industries that the sharpest impact of microelectronics in the form of new information technologies will be felt: the production, manipulation, storage, and transmission of information may be automated. In Britain 57% of the entire workforce are employed in the service industries, and the impetus for the

rapid introduction of automation is the desire of public and private corporations to increase the relatively low productivity of office workers. Thus in one estimate, US office productivity rose by 4% between 1960-70, compared to a rise of 83% for manual workers in the same period. There is little doubt that the introduction of new technology is massively labour displacing. If introduced with the object of saving on labour costs, word processors, micro-computers, and related technologies can bring dramatic increases in productivity with consequent reductions in employment: ASTMS forecasts the loss of 2.6 million jobs by 1985, and 3.9 million by 1991. (Hines and Searle, 1979, pp12-18) Already the effect of micro-electronics technology has been considerable where it has been extensively introduced: in West Germany official ILO figures reveal huge overall job losses in the period 1970-76, three quarters of a million textile operatives lost their jobs through the introduction of microprocessor controlled textile machinery; 200,000 sales staff lost their jobs through computerised cash and stockkeeping systems, and 167,000 metal workers lost their jobs because of the introduction of programmed machine tools. In compensation 250,000 jobs were created in administering new technology, and 160,000 as computer technicians. Across industry the total job loss in West Germany due to the introduction of new technology in 1970-76 was over 900,000. (1979) In the USA the potential office redundancies are thought to be enormous with a 2% reduction of staff per year, which would displace 25 million workers by the year 2000. In London, in the middle of the office building boom, there was a reduction of clerical jobs of 50,000 between 1966-71 with the growing sophistication of office machinery, and the velocity of this reduction is now greatly increasing. (Forester, 1980, pxv)

In the printing industry workers are confronted with similar

employment implications of the new technology, and to the armoury of management arguments in favour of the rapid introduction of automated printing technology is added the contention that otherwise print will soon be rendered obsolete by the development of electronic media. On the contrary Marshall has insisted:

"... The current wave of unemployment in the printing industry is not primarily the result of a decline in the importance of print media, but is directly due to the widespread introduction of automation and to the changes in national and international markets that are accompanying it. This is an obvious assertion perhaps, but one which is too often lost sight of in the details of labour-management negotiations and futuristic analyses of communication technology. Print no doubt is in line for long term decline, but the effect of this is for the moment negligible when compared with the current race to integrate communications systems, install highly automated production methods and cut labour demand." (1983, pp1-2)

As Marshall reports the decline of employment in the printing industry is considerable, "it is no longer a question of whether jobs will be lost, but how soon and on what scale." In the ten years up to 1976, 63,000 jobs were lost; in the first nine months of 1981 alone 10,000 jobs went; estimates vary of a decline between 2% and 15% per year in the period 1978-1985, but in the long term Jenkins and Sherman see a reduction from 536,000 employed in the industry in 1979, to half that figure by the year 2000. (1979) As Marshall concludes: "... Within the strict confines of the printing industry itself, the workforce cannot win as long as its present mode of labour organisation persists. An increase in investment on capital's terms, will accelerate job loss,

while restricted investment will also lose jobs, either to the new communication industries or as a result of an international redistribution of production." (1983, pp 48-49)

Remarkably Fleet Street, which was at the centre of the employers new technology offensive, has so far largely escaped this employment devastation due to the resilience of the chapels. Despite highly pessimistic forecasts about the future prospects of employment in national newspapers from the Printing and Publishing Industry Training Board in 1975: in 1976-77 the industry employed 36,402, and in 1978-79, after the most energetic attempts by the newspaper proprietors to achieve a mass shake out of labour, 36,369 were employed. The number of compositors, the group whose demise was most carefully arranged, actually increased from 4,010 in 1976-77 to 4,202 in 1978-79 ! (Martin, 1981,p340) Though protected by the near impossibility of printing national daily newspapers abroad, whether the success of the print unions in maintaining employment can be sustained is open to question. In America where the proprietors adoption of new technology has been more ruthlessly imposed, the International Typographical Union is fighting for its life in the newspaper industry; in this country, in a war of attrition, almost all the advantages are on the side of management.

Job Control

The implications of new printing technology for job control are profound. The antiquated Victorian hot-metal linotype composing is facing an invasion of electronic means of manipulating type. Word processors, optical character recognition (O.C.R.), photocomposition, facsimile transmission, and ink-jet printing, are among an array of methods of automating the printing process, which employers wish to introduce. It is difficult to underestimate the eventual impact of of the changes which are being planned:

"The micro-computer and microprocessor are revolutionising printing. For although the steam driven press, followed by the harnessing of electrical power, increased productivity many times over, they did not change the fundamental principle of printing from relief type. Microelectronics is turning type into electrical pulses and is fast superseding the intermediate stage of photosetting. Type can be expanded, contracted, re-formed and altered in almost every imaginable way without ever being removed from the computer memory...Digitisation is in addition not restricted to setting type, and the electronic manipulation which binary coding allows means that any information which has been 'captured' as electronic impulses from a keyboard can, in theory at least, be used ultimately for typesetting output...To take an existing example, it is now possible for news reporters to transmit their stories digitally by telephone direct to the paper's computer. There they can be stored, edited, composed, laid out, and (using lasers) exposed on to a printing plate at any one of a number of production plants."

(Marshall, 1983, pp69-70)

The intention of management is to use the new technology to recapture control over the labour process, and in broad terms, impose the principles of scientific management as distinguished by Braverman: the dissociation of the labour process from the skills of the workers, the labour process becoming dependent upon upon management priorities rather than workers' abilities; the separation of the conception from the execution of the task, the organization of work becoming the prerogative of management, workers being simply responsible for its performance; the use of a monopoly of

knowledge to control each step of the labour process and its mode of execution. (1974) It is the powerful thesis of Braverman that there has been a systematic attempt to degrade and deskill work by the application of new technology and management science: "The pure light of science seems unable to shine but on the dark background of ignorance. All our invention and progress seem to result in endowing material forces with intellectual life, and in stultifying human life into a material force."

(Marx, 1973, pp299-300)

However as studies of the labour process conducted in critique of Braverman have indicated, it is wrong to imply that the tendency towards deskilling is almost a uniform and universal process: deskilling is a complex and contradictory problem which requires detailed study and constant attention to the forms of worker resistance and their effectiveness. (Wood, 1982; Zimbalist, 1979) Firstly it is important to recognise the social construction of 'skill', which in the past enabled the chapels to define printing as 'men's work' and exclude women on principle, for example. "In sociological terms all skills are socially constructed, since even 'genuinely' skilled jobs are not simply derivatives of god-given technology. The issue hinges on the basis on which jobs and skills are constructed, and whether the criteria by which workers are differentiated and jobs defined are relatively independent of the real or 'technical' skill content of jobs." (Wood, 1982, p18) Secondly skill is a negotiated definition, the outcome of the struggle between organised labour and management to seize control of the labour process, and in the past workers have shown a capacity to subvert the purposes of management by using new technology and production processes to extend their own influence and autonomy. Finally new machinery in itself may not be deskilling, but could be deployed in a variety

of ways, what is important is who controls the operation of machinery and the purposes it is intended to serve. As Marshall has indicated, in the printing industry:

"The inherent capabilities of computer typesetting do not, however, necessarily imply deskilling. These systems are in fact more flexible and capable of far greater manipulation than ever were Linotypes or Monotypes, and can be used to integrate keyboard and typographical skill with decision making. But in general they are being used by management to break up the work sequence into simplified and more easily quantifiable sections; and by placing the emphasis on volume production, they are wherever possible being used to introduce mass production methods into composition. This has the double advantage for employers of increasing productivity and reducing union power." (1983,pl05)

(One of the ironies of the NGA's necessary political defence of the principle of the 'second keystroke' to preserve the jobs of their members, is that it restrains the skill potential that computerised photocomposition would present to a few 'text processors' who would assemble whole newspaper pages on large video screens with the direct input of journalists and advertising people to the central computer). (Cockburn,1983,pl15)

The Interim Report of the Royal Commission

A sharp stimulus to managements' desire to introduce the new technology was provided by the sudden deterioration in the finances of the national press in the summer of 1975. In this context the employers forgot their distaste for the Royal Commission on the Press, and called for an emergency report on what was necessary for the survival of the industry. The Commission was glad to oblige and in the Interim Report (1976) published six months later commented, "Our remit refers to the object of maintaining 'a healthy, independent

and diverse press. For the purpose of of the interim inquiry only, our working definition of this phrase has been the steps necessary to assist existing titles in the short run..." (p2) This conveniently foreclosed any consideration of whether existing titles deserved to be assisted. After a review of the parlous financial circumstances of the industry, the bulk of the report was devoted to an account of the savings which could be achieved by the new technology, and recommendations as to how this could be introduced.

The Commission estimated the costs of the new technology as follows: investment costs would be £20 million; redundancy payments £30 - 35 million, giving a total of about £50 million, and with tax relief this would be £28 million. Publishers would save £16 million per annum, therefore recovering their costs within a couple of years. To do this 2,500 jobs in composing would be eliminated. In addition the employers planned to eliminate 4,500 jobs in the machine room and publishing departments. If these redundancies were imposed in full, the labour force in Fleet Street would be cut by 25% and the employers would save £25 million per annum. (1976, pp46-66) The private sector Finance for Industry (FFI) would provide the loans necessary, and government would provide relief on the interest. This approach to the introduction of new technology was the subject of a cosy agreement between newspaper proprietors and print union leaders as reassuringly described by Roderick Martin:

"Since several houses were facing similar economic difficulties, proposing broadly similar plans and anticipating similar difficulties, it was inevitable that proprietors should attempt to coordinate their policies, most conveniently through the NPA. In view of the seriousness of the industry's economic position and the threat to members' interests, print union leaders agreed that an industry wide approach was desirable to prevent 'chaos' in the industry. Accordingly,

discussions between the NPA and the TUC Printing Industries Committee in the winter of 1975-76 resulted in the presentation of an agreed joint statement to the Royal Commission, the establishment of a Joint Standing Committee, and the signature of a joint agreement Programme for Action, in November 1976." (1981, p338)

In explaining why the new technology should be accepted, Owen O'Brien, the general secretary of NATSOPA, gave four reasons: to keep the majority of union members in secure and well paid jobs; to maintain the viability of all existing titles in the interests of a free press; because pensions were to be protected; and adequate voluntary redundancy compensation was available. (ACAS, 1976, pp25-6)

On the basis of such statements, one can endorse the print workers feelings that with leaders like this, who needs enemies? If the management inspired proposals on new technology were introduced unaltered, by a process of severe attrition, the majority of existing print workers would ultimately end up on the dole. More seriously, if print workers were to allow hard new technological teeth to be grafted on to the monopoly capitalist press, without any changes in ownership and control, they would have contributed to making it more highly profitable, more threatening, and more remote and unaccountable than it ever was before. In his consideration of job security on Fleet Street Sisson recognised three groups of interested workers: present workers, future workers, and casuals. Employers do not acknowledge a responsibility to future workers, and the loss of their job opportunities. Sisson suggested that one way of doing this would be for employers to make a contribution to the unions pension fund. The question that immediately springs to mind is what compensation young people will feel, including the children of print workers, when they cannot find work, to know that the print unions' pension fund is in a healthy condition?

The hopes of proprietors, union officials, the Royal Commission, and disinterested academics were dashed when the joint approach to the introduction of new technology was put to the ballot of union members. The Commission reported that the prospects had looked good in the Autumn of 1976 of modernising production and improving industrial relations, but that, "since then the immediate outlook has very much worsened. The ballots took place in February and March 1977, and resulted in rejection of the proposals in Programme for Action by all the production unions." (1977,p222) The Commission welcomed the decision of the print union leaders and newspaper executives to persevere with the Joint Standing Committee, despite the adverse vote in the ballot, and revealing the full extent of its support of official union-employer collaboration against the rank and file commented, "Perhaps the most encouraging event in the recent discouraging months has been that NATSOPA was prepared to expel those of its members whose unofficial strike brought about a week long stoppage of The Times - though it restored their union cards when they returned to work. We hope that this unique act shows that unions at national level at least, are now ready to recognise this basic need and assert their authority whenever they can rely upon the support of managements." (1977,p225)

However by 1977 any chance of a concerted imposition of the new technology by the national newspaper employers had passed, due to the extent of union opposition the joint proposals had engendered, and the fact that the immediate pressure had been taken off management with a marked improvement in the finances of all the national newspapers. Individual newspaper houses were left to make attempts of differing intensity and commitment to introduce the new technology, the most celebrated case being the dispute at Times Newspapers Limited.

The Introduction of New Technology

The Times Newspapers Limited (TNL) management made the most firm attempt to introduce the new technology, insisting upon capturing the original keystrokes for journalists from the NGA. The insistence upon direct input into the electronic composition threatened to virtually eradicate the traditional composing room; single handedly TNL was threatening the future of the NGA on Fleet Street. That TNL felt in a strong enough position to issue this threat was explained by the declared Thomson group profit of over £100 million in 1977-78; and the fact that the parent company was in the process of moving its base to Canada, and now looked upon Times Newspapers as a financial embarrassment rather than the figurehead which Roy Thomson had cherished. Another reason the Times management may have been motivated to issue the challenge was that composing room costs are higher for the quality than the popular press.

In April 1978 the TNL management declared they intended to suspend publication unless new agreements covering guaranteed continuity of production, a new disputes procedure, new manning levels, and new technology were concluded by 30 November 1978. Though the deadline was extended until 13 December little progress was made, and the management commenced a lock-out that was to last eleven and a half months. (It is interesting to note that the Royal Commission and other official bodies were prepared to resoundingly condemn the print unions for stopping publication of The Times for six days in 1977, but that Times management could prevent publication of both The Times and the Sunday Times for almost a year and yet attract official sympathy). At the end of the dispute the TNL management virtually conceded direct input to the NGA, and at a cost of £39.3 million (the companies estimate of the cost of the dispute) achieved agreement of the introduction of photocomposition. Although the management claimed they had achieved 70% of their objectives as

Martin records: "The phased introduction of computerised photo-composition proceeded very slowly, and although extensive familiarisation and training programmes were undertaken, no newspaper or supplement was produced on the new equipment whilst TNL was under Thomson ownership, successive datelines being postponed. No progress at all was made towards the achievement of single key-boarding, the NGA successfully resisting the pressure to go further than it had already gone at MGN." (1981,p299)

The more cautious approach of the Mirror Group Newspapers' (MGN) management had proved more successful in the sense that they had negotiated the introduction of elements of the new technology without provoking a protracted stoppage. The use of facsimile transmission, utilised for some time in the regional editions of Mirror newspapers, was extended, and computerised composing introduced with the NGA retaining responsibility for keyboard input. In practice though, neither the savings anticipated nor the technical sophistication was achieved:

"The increases in speed of operating from the use of computerised composing were slow to materialise: it therefore proved impossible to achieve the savings in manpower expected in the composing room. More importantly, if predictably, it proved impossible to obtain adequate performance standards from the page composition terminal: it proved impossible to make electronic full-page make-up work. The performance achieved by the new system proved either too slow, or otherwise inadequate, owing to difficulties in programming. Accordingly cut-and-paste methods of page make-up were retained, resulting in a substantial hiccup in the system... As at TNL, legal proceedings against the suppliers of the equipment were

considered, but not proceeded with. According to MGN, the equipment had failed seriously to live up to the specifications promised: although it could be made to work, the operations were so complex that the error rate was high and the system very slow." (Martin, 1981,p317)

As at TNL the response of the MGN parent company Reed International to the persistent failure to resolve the industrial relations and technical problems of Fleet Street, now that the Mirror papers could not be relied upon as a cash generating machine as in the past, was to put the newspapers up for sale. Whilst partial introduction of the new technology was achieved in several other national newspapers, Fleet Street remained a bastion of craft resistance to the new methods of newspaper production, in contrast to the provincial newspaper industry, where by 1979 two thirds of publications had introduced photocomposition and web-offset printing, and over half were in the course of introducing computer typesetting. (Jenkins, 1979, p80)

The technical problems encountered in transforming production of national newspapers to new technology are immense. Quite apart from the difficulty of negotiating away traditional craft jobs and skills with obdurate chapels, the problem of installing a new electronic system alongside a hot-metal system and maintaining daily production is considerable. (Robert Maxwell's offer to print national newspapers on a contract basis in new premises on new technology therefore offers a double enticement to proprietors). Among the reasons why newspaper corporations in the United States found it more feasible to introduce the new technology are the fact that many US newspapers are local monopolies and could afford lengthy stoppages whilst the technology was installed and the local ITU beaten into submission. (Jenkins,1979,p76) Strike breaking printing companies and personnel are widely available in the US. (Zimbalist,

1979) The extensive use of agency copy is common in the US and more suitable for electronic processing. Finally American newspaper readers were prepared to tolerate a lower quality product than would be accepted in Britain, including poorly designed and laid-out newspapers, since they were considered essentially throw-away products. (Martin, 1981, pp344-49)

In the last analysis it is not simply that print workers skills have not kept pace with technological innovation, but that the state of the art of computerised typesetting and printing is not as yet as perfected as computer salesmen would like publishers to believe:

"The input practice of newspapers today is an uneasy compromise, a midway stage in technology development.

Input of text is still the major bottleneck for employers in the newspaper industry. The word is a stubborn material for an industrial process. Optical character recognition offers few gains. One day speech-recognition systems may become commercially viable. In the meantime, each character, each word must be typed into the computer by someone. The capitalist's ideal is that it should be typed in only once, preferably by someone who is semi-skilled and cheap or by someone who already has to do it once anyway, such as the journalist (making his rough manuscript into the final copy).

In the meantime, they must make do with compositors, who have far too much understanding and ability in typography and, many of them, too little ability on the QWERTY board." (Cockburn, 1983, pl03)

If anything the limited but painful experience of the introduction of new technology on Fleet Street has hardened the attitudes of the print unions, now that they claim that immediate introduction

was necessary for economic survival has worn thin. In both the NGA and NATSOPA the chapels involved have been able to disagree with their national officials and to see their opposition increase in effectiveness, "in both unions attitudes towards new technology were more hostile in 1979 than they had been five years earlier." (Martin, 1981, p341) In the NUJ, the only union which seemed to have something to gain from the new technology, where members in national newspapers accepted Programme for Action by a small majority, a more critical attitude now also prevails. Many NUJ members were unhappy with their leadership's willingness to co-operate with the employers, and the 1977 Annual Delegate Meeting of the union passed a resolution criticising the executive for failing to inform the membership about the new technology negotiations, and appointing a special committee to consider the union's policy to report back to the 1978 ADM.

The NUJ policy on new technology which emerged, was not to seek to extend journalistic work into the field of production at present covered by other print unions. "In the absence of any inter-union new technology agreements; NUJ chapels will only enter into negotiations involving direct input or any other facet of new technology which would necessitate journalists absorbing work traditionally carried out by another print union, if that print union has reached agreement to abandon that particular field of work." (NUJ, 1980, p59) The NUJ has maintained that it will not accede to direct input over and against the interests of other unions and emphasises the importance of craft union support in the NUJ struggle for 100% organization so that the journalists are better able to resist management pressure: "traditional demarcation lines need not disappear in electronic systems. Proposals that journalists should take over the entire production

process need to be treated with a profound scepticism." One reason journalists have an interest in maintaining control over the introduction of new technology is that looming over the horizon is another threat: computer-to-computer link ups with the facility for direct input of agency copy bypassing the editorial department altogether. (NUJ, 1980, p3)

The defensive posture of the Fleet Street unions may well have been effective in protecting jobs, but the question must be posed whether this in itself is an adequate response to the transformation which is taking place in the newspaper industry and the wider communications and information industries. As electronic networks of shared computer data bases are extended, functions presently performed by print will be diffused into other information industries, and some workers now employed in print will be dispersed into these industries. It is important that unions are capable of recruiting and representing workers across the information industries as they develop. There is a danger of a polarisation between the influx of large numbers of women workers employed in de-skilled mass production methods of text input and a small elite of craft workers clinging to the remaining areas of skilled work. Marshall contends:

"(This) would have extremely unfortunate long-term effects both for women and the majority of the membership. Computer-based systems span process control, origination, production scheduling and waste and output measurement; and the potential is enormous for feeding this information back to work study and cost analysis for use in negotiating productivity and pacing the work flow. If organised labour hopes to have any say in the future of

of the industry then there must be a genuinely unified trade union which will give equal weight to both the needs of traditional print workers and those among the new workers who will increasingly fall within the print media sphere. (1983,p106)

It would be perverse if unions continued to institutionalise and cherish distinctions between skilled and unskilled, intellectual and manual workers, and men and women, at the very moment when the evolution of the capitalist mode of production is laying an objective basis for overcoming such divides. (Cockburn,1983,p234)

At the moment the print unions have backed into a corner which they are furiously defending, but the question posed by Hyman and Elger must be confronted:

"...If newspaper publishers become increasingly exposed to the normal disciplines of capitalist production, if the gains from fully exploiting technological innovation are thought to outweigh the immediate costs of challenging the whole basis of craft organization, if the state helps assert a new unity and decisiveness in employer strategy, can the traditional forms of worker resistance and control prove viable ?" (1981,p128)

CHAPTER SIX

ALTERNATIVES: TECHNOLOGICAL BARBARISM OR A SOCIALISED MEDIA ?

TECHNOLOGICAL BARBARISM

The new technology could mean the perpetuation and intensification of the passive receipt of centrally generated and filtered material, or it could be used in radically different ways to develop access to newspaper publishing and other information industries. As far as capital is concerned it is the potential of the new technology to allow the political centralisation and profitable monopolisation of information supply that is attractive. Computerised composition enables page creation to take place in the publisher's office, pages which can then be rapidly sent by facsimile transmission to decentralised production plants all over the country. Corporate integration with the electronic information and communication industries makes possible a global domination of the mass media by a few multinationals. "The information revolution...is rapidly promoting information to the status of a primary commodity, such as oil or steel." (Marshall, 1983,p72)

The history of modern technology is synonymous with the rise of corporate capitalism. (Noble,1977) Technological change is not therefore an impersonal force for material advancement and social progress. The crucial questions are what kind of technological change, under whose control, and for what purposes ? For Marcuse the demands of modern technology were in reality but highly refined forms of capitalist domination: a "technological veil" was drawn over the reproduction of inequality and enslavement. (1964) Other members of the Frankfurt School locate the seeds of 20th century authoritarianism not merely in the development of capitalism, but in the scientific revolution. (Jay,1973) Gouldner has suggested

that the development of technocracy has crippled the prospect of democratic control. (1976) The capitalist state has nurtured the growth of the multi-national corporations in a symbiotic relationship, and sponsored the rapid application of new technology, opening up the prospect of a repressive and militaristic society. The Vietnam war was said to be the frontier of American technology.

The new technologies of production are tightly linked to the new technologies of destruction. There is a disturbingly heavy involvement of communications companies in military projects:

" Civil and military uses of electronic communications are inextricably mixed, and all the major electronics companies are heavily dependent on military contracts for their research and development programmes. Groups such as Matra, Harris, and IBM cover every aspect of military communications, manufacturing a complete range of hardware, from microchips to satellites, while their non-communication interests cover everything from battleships to ballistic missiles... Existing communications networks are not only used for gathering information on allies and enemies alike, but they are essential for the dissemination of predominantly American ideology either through direct propaganda broadcasting or by monopolising the cultural infrastructure... The role of ITT in the fall of the Allende government in Chile is infamous but the extent to which telecommunications and audio-visual broadcasting systems are enmeshed in military networks, or the degree of overlap between television programme exports and foreign policy objectives is less well known." (Marshall, 1983, pp60-61)

As the scramble for control of world wide data flows intensifies,

the spectre of satellite warfare becomes realistic in the absence of any democratic agreement on communications policy. (Guardian, 25 November 1983)

In this fearful context there is a need to rediscover the Luddite tradition and challenge the prerogative of capital to devote the development of new technology to exploitative and destructive purposes. (Albury and Schwartz, 1982) Zimbalist states:

"The actual reshaping of technology is the task of a broad political movement. Consciousness of the uses and purposes of different technological forms and the resources to plan and implement alternatives are necessary conditions for such a movement to be successful. The sufficient condition might be an entirely different mode of production." (1979, p126)

In one example of the birth of such a movement, in France in 1981 the multinational arms and engineering giant Matra took over the largest French publishing house Hachette. Shortly after the takeover five sections of the CGT including print, engineering, telecommunications workers and journalists called jointly for nationalisation of the group. The French unions were prepared to speak out against the multinationals and for democracy, rather than simply protecting sectional interests. With reference to the group's publications they did not propose direct nationalisation, but called for new forms of organization based on the active participation of media workers. (Marshall, 1983, p60)

Such political movements may release the inherently emancipatory possibilities of new media technologies and create opportunities for decentralised editorial design and programming, two-way communication, and collective production. (Mosco and Herman, 1980; Mattelart and Piemme, 1980) Information technology developed for commercial purposes may be made to serve very different purposes. Offset litho

printing, for example, developed rapidly in the 1960s to cope with the growing requirements of the revolution in office and business management. Demand for increasing quantities of internal business communications went far beyond the capacities of duplicating machines, and offset machinery was introduced in great quantities. As the price of the second hand machines fell they became cheap enough for the alternative press to purchase. This re-opened the possibility of groups of working people raising sufficient capital to start their own papers. Offset litho printing allows the maximum flexibility in production, giving an editorial collective control over layout right up to the last minute. The basic techniques can be learnt quickly, and it is ideally suited economically to the small radical papers which tend to print between 1,000 and 10,000 copies. (MPG, 1980c,p6) The beauty of litho is the wide range of methods available, from the simple to the complex, which means groups can choose the most appropriate level of technology for themselves. (Whitaker, 1981,p86) Marshall maintains:

"Although not substantial economically, the underground press proved to be the most experimental, dynamic and uncontrollable movement in the graphic arts for almost 50 years, in fact since the new typographers and dadaists had created such havoc in the early 1920s...The freedom given to the designer by offset litho broke completely with the rectangular conventions of letterpress and created the perfect vehicle for the outpouring of energy and ideas from the new counter-culture. The new designers explored every possibility (and even a few impossibilities) of the process, not only in the national papers and magazines, but also in hundreds of local publications which sprang up during the same period." (1983,p36)

Equally it may be possible that adaptations of computerised typesetting and printing, and modifications of other electronic communications technologies may offer unintended technical opportunities for the creation of a socialised media. Though it must be recognised that the present attitudes that prevail in the print unions towards such developments range from the ambivalent to the hostile.

A SOCIALISED MEDIA

There is no shortage of ideas concerning the reform or radical change of the media industries, what are lacking are the political organization and economic resources to achieve it. Most proposals involve some measure of state intervention. When considering the possibility of state intervention to reform the media two contrasting arguments need to be considered. The first is that state intervention in the media is dangerous to the freedom of expression. The second is that state intervention in a capitalist society rarely succeeds in its declared objectives, though it may well have other serious consequences. The first argument is superficial, is based on the experience of the Eastern European countries rather than the liberal democracies of the capitalist West, and yet has protected the private owners of the press from reforming governments throughout this century. Thus the simplistic assumption has been successfully canvassed that the only alternative to a commercial press is a state controlled press. (Whale, 1977, p80) Education, libraries, the film industry, radio and television have all been subject to state intervention and regulation in Britain, and whatever the shortcomings of these cultural institutions, freedom of expression is not notably greater of more diverse in the privately owned press.

The second argument is more substantial, and is based on doubts

concerning the method, feasibility, and outcome of state intervention. As Raymond Williams insists, "There can be no useful intervention along orthodox Labour lines... No intervention within the terms of the late capitalist corporate organization is defensible, since the rationale of such organization is at once the reduction of its products to an increasingly standardised range and, with this, the reduction of total employment." (1978,p20)

A fatal flaw in the approach of many radical reformers is an over-emphasis on centrally directed government reform and a neglect of the role of media workers. If the desire is to abandon the dinosaurs of the capitalist press to extinction, it is important not to abandon print workers too, but to elicit their assistance in the struggle to change the press in order that publicly funded press facilities are not monopolised by the middle class as higher education and many other publicly funded cultural institutions are.

Highlighting the limitations of the previous piecemeal approach to the reform of the media Murdock and Golding have pointed to the variety of Commissions and inquiries into different aspects of the mass media which firstly play down the inter-relations between media sectors, and secondly fail to relate questions of mass communications to more general areas of public policy. (And thirdly, it could be added, tend to see the essential purpose of reform as to guarantee the survival and maintenance of existing media structures).

"This piecemeal approach to analysis and policy has been overtaken and rendered completely redundant by recent developments in the structure of British capitalism, and more particularly by the rise of communications conglomerates with significant holdings in a whole range of information, entertainment and leisure industries." (1977a,pp94-95) Murdock and Golding set out eight criteria against which proposed models and reforms can be evaluated:

1. Diversity - the idea that the media should express or provide a platform for as full a range of views, and forms of expression as practicable . (Though diversity is not guaranteed simply by multiplicity).
2. Accessibility - the principle that communications media should be accessible to all modes of expression and all social groups. Access is a necessary complement to diversity in confronting the problem of cultural restriction that economic concentration has created.
3. Responsiveness - the media need to be responsive to their audiences, communication should be two way and economically powerful media should be required in some way to meet the wishes of those who receive their services.
4. Cultural production should be separated from its finance. The production of mass communications primarily for profit, whether by selling the medium's output to the largest audience, or renting the audience to advertisers, distorts the objective of diverse and democratic communications.
5. Standards of production in some sectors will require large scale production facilities which should continue to be available though outside the control of the media conglomerates.
6. Accountability - that the activities of the media should receive directly or indirectly some kind of public supervision.
7. Communications media must be considered in toto, the various media industries are no longer distinct and administrative discussions must reflect their consolidated nature.
8. External democracy must be complemented by some form of internal industrial democracy. (1977a, pp 106-7)

A summary of the kind of measures proposed for the reform of the press by the Labour Party, IWC, and Campaign for Press and Broadcasting Freedom, has been drawn up by James Curran and Stuart

Holland, which may be assessed in the light of the Murdock and Young criteria:

1. Press Co-operatative Development Agency (PCDA)- should be established to provide start up capital for new publications under workers' control. the PCDA would hold non-voting shares so that it would not be in a position to influence editorial policy. It would play a role in expanding freedom of expression as well as creating new jobs.
2. National Print Corporation (NPC)- should be set up to make facilities available at modest prices to newspapers expressing minority opinions.
- 3 Publications Distribution Co-operative (PDC)- should be established on a properly funded basis in both wholesaling and retailing to facilitate the distribution of minority publications.
4. Advertising Revenue Board (ARB) - should redistribute advertising revenue more fairly between publications. This could be done on the simplest model of compensating publications according to a set ratio between sales and advertising revenue, regardless of their politics, similar to the scheme introduced in France in 1973.
5. Anti-Monopoly Legislation - ownership groups with more than 15% of their respective markets - the level at which anti-trust authorities in the United States now consider as prima facie liable for abuse - should be divested. Joint ownership of press and broadcasting should also be prohibited in order to encourage maximum freedom of expression.
6. The Open Press Authority (OPA) - would administer the transfer of ownership of press conglomerates, broken up under the anti-monopoly legislation, to co-operatives or independent trusts accountable to the staffs of newspapers and magazines.
7. Press Council - should be set up on a statutory basis, reconstituted so that it is more independent of the press and given the authority to insist that errors of fact are corrected with equal prominence

to that given in the offending article. (1979)

Though they represent an apparently formidable body of reform, some potential weaknesses can be recognised in these proposals. Examining the first proposal, if co-operatives are to be encouraged, the question is what kind of co-operatives? The lessons of the Scottish Daily News were that transforming an existing title was difficult, that advertiser discrimination was intense, and that the co-operative newspaper was moulded to the dominant political values by a conservative editorial staff. There would have to be determined efforts to prevent these kinds of problems being reproduced in other co-operative newspapers. In particular radical proposals for co-operatives often imply a preservation of the separation of intellectual and manual labour in the creation of different editorial and printing co-operatives, or in restricting the rights of production workers: "The right of non-journalist labour to take part in the election to the board of newspapers, could be relative. It should not extend to control of the content any more than journalists' control should extend to the work process of production." (Holland, 1978, p122) The proposal for a National Printing Corporation could provide the economies of scale to smaller publications now only enjoyed by Fleet Street, but it could also raise the hackles of the print unions if it was seen as a publicly funded attempt to "assist in the rationalization of newspaper plant," as the Minority Report of the Royal Commission envisaged it. (1977, p246) In the past nationalization has proved synonymous for workers with redundancies and worsened conditions, the NPC would have to show it was something different to this.

With regard to the proposals on redistributing advertising revenue, the question may be posed - why tolerate the pernicious influence of advertising upon media institutions.? In the past

advertisers have had the power of life or death over publications, have dichotomised the national press, and coarsened and commercialised the editorial of all newspapers. It is doubtful whether a simple redistribution of revenue as proposed could finally overcome all of these problems. Therefore it may be asked why keep the media in subservience to expensive and parasitic advertisers when the functions they perform could be far more efficiently and inexpensively conducted by consumer information services? Journalists as well as artists, photographers, film makers, actors and technicians could be freed of the golden chains of the adman's demands, and encouraged and funded to further their talents in directions other than selling cars, tobacco and soap powder. Finally, with reference to the anti-monopoly legislation and the OPA, whether any government could proceed with such policies against the incensed opposition of capital, would depend upon the active support of workers inside the companies concerned.

Conclusion

The media industries, including newspapers, are as important and sensitive as health care or education, and therefore should be removed from the iniquities of private ownership and the market system. What is being proposed is not state control of the press, or BBC type boards of bureaucratic and elitist Oxbridge Fabians, or an omnipotent party or vanguard in control of the press. What is being proposed is an end to the social and industrial apartheid between the few who are allowed to think and express their ideas, and the many who are supposed merely to work to convey those ideas. Only then could there be the replacement of the insanely magnified voices and absurdly cruel economics of the capitalist press with a genuine democratic diversity.

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CHAPTER ONE

INTRODUCTION

The analysis of Volume One concerned the experiences of the Scottish Daily News co-operative; and Volume Two, after considering the political economy of the press, concluded with an assessment of the possibilities of media co-operatives. In this final volume an attempt will be made to examine the experiences, problems and potential of the producer co-operative movement more generally. The central focus of the analysis will be upon the question of whether the constraints and forces of market systems are structurally inimical to the achievement of the ideals of producer co-operatives; or whether producer co-operatives operating in market competition resolve some of the fundamental contradictions and tensions of capitalism as market socialists would contend.

The historical development of workers co-operatives will be considered in Chapter Two, exploring how the radical ideals of the early co-operators became tempered by the pressures of commercial trade. The compatibility of the pursuit of democratic control and competitive efficiency will be examined. The reasons for the relative success of the consumer co-operative movement will be looked at, and finally the brief flowering and disappearance of the movement for workers control.

In the following two chapters the careers of the two other large co-operatives funded by Benn's Department of Industry are studied, KME and Triumph Meriden, revealing the similarity of the dilemmas experienced with the Scottish Daily News, and the historical problems of producer co-operatives. In the following chapter the attitude of the Department of Industry to the co-operative experiment it launched is considered, and the official failure to learn anything

constructive from the endeavours and sacrifices of the workers concerned remarked upon.

Chapter six attempts a critical theoretical assessment of the contrasting views supporting the growth of producer co-operatives, and reveals the different shortcomings of the optimism they share concerning the future of a producer co-operative sector. Nevertheless, in the final chapter, the proposition is put forward that given the depths of the present recession and the lack of viable alternatives, it is possible that an extensive development of producer co-operatives could occur, given the support agencies, facilities and finance which they enjoy in other countries where they have flourished more freely. However it is important to distinguish the markedly different structures and orientations which exist.

CHAPTER TWO

A PEACEFUL REVOLUTION? THE POLITICS OF WORKERS' CO-OPERATIVES 1800-1980.

"...There was in store a still greater victory of the political economy of labour over the political economy of property. We speak of the co-operative movement, especially the co-operative factories raised by the unassisted efforts of a few bold 'hands'. The value of these great social experiments cannot be overrated. By deed, instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labour need not be monopolised as a means of dominion over, and of extortion against, the labouring man himself; and that, like slave labour, like serf labour, hired labour is but a transitory and inferior form, destined to disappear before associated labour plying its toil with a willing hand, a ready mind, and a joyous heart..." (Karl Marx, Inaugural Address of the International Working Men's Association, 1974, pp79-80)

Robert Owen and the New Moral World

The boundless appeal of co-operation was born out of the widespread misery and despair at the time of the industrial revolution. Despite a growing productive power through the development of mechanization and the factory system, private ownership in a competitive market economy meant increasing unemployment, degradation and poverty for the working class. Robert Owen presented a vision of a new society in which poverty of the people was not intensified as the wealth of the proprietors was accumulated: "Its basic concepts and its main conclusions, the right of every man to happiness, the right to the whole produce of labour, the right to work, to knowledge, to social equality, the longing for a social system that would encourage man to help man instead of competing against him - these and others touched a chord in almost every artisan and labourer who lived through the dark days of the industrial revolution." (Pollard, 1960, pp89-90)

As proprietor of a great spinning mill in New Lanark from 1800, Owen proved that efficient production was possible whilst abandoning the worst excesses.

of the exploitation of labour prevalent in factories at the time. Owen provided better housing, shorter hours of work, improved wages, and educational and cultural facilities. In particular he got children under ten out of the mill, reduced the hours of labour of older children, and campaigned for a bill to secure these conditions for children in all textile factories. Building on these practical reforms, Owen published a series of books which proclaimed that poverty was a result of the organization of society, not the responsibility of the poor; and set forward plans for new model communities based on manufacture and agriculture practicing equality and self-government. In 1824 Owen established a community, New Harmony in the United States to test his ideas, with largely disastrous results. There were many weaknesses in Owen's utopian beliefs, but "his true weakness, and one to which his position as manager and employer contributed, was his inability to see that the new environment must be created by the efforts and struggles of the working people themselves." (Morton, 1969, p.24). A related weakness was a dependence on the wealthy and powerful to assist financially in the creation of his communities, at the very moment they were resorting to more repressive measures to control working class protest. Frederick Engels deplored this ambivalence: "English Socialism arose with Owen, a manufacturer, and proceeds therefore with great consideration towards the bourgeoisie and great injustice, towards the proletariat in its methods, although it culminates in demanding the abolition of class antagonism between bourgeoisie and proletariat. The Socialists are thoroughly tame and peaceable, accept our existing order, bad as it is, so far as to reject all other methods but that of winning public opinion... While bemoaning the demoralization of the lower classes, they are blind to the element of progress in this dissolution of the old social order, and refuse to acknowledge that the corruption wrought by private interests and hypocrisy in the property-holding class is much greater. They acknowledge no historic development, and wish to place the nation in a state of Communism, at once, overnight, not by the unavoidable march of its political development up to the point at which the transition becomes both possible and necessary." (1969, pp.262-3).

Owen had to accommodate however, to the broader, working class oriented co-operative movement which was formed among skilled artisans in London and other towns during his absence in the United States. Though receptive to Owen's ideas these workers were radical and founded the first trade unions. As trade unions multiplied, Owen became involved, but he laboured under a misconception shared by most co-operative idealists: "He began to dream of a society in which the unions became productive bodies, dominating the industries which they covered, and ultimately replacing the State by a network of inter-related producers co-operatives. He believed that this could be done quite peacefully, and opposed any idea of class struggle. The workers, inevitably, saw things differently. While they were, many of them, ready to welcome Owen's utopian vision with enthusiasm, they were in practice engaged in class struggle every day of their lives and for them the unions remained, as they had always been primarily a means of defending or improving their actual conditions of life, an aspect of things with which Owen hardly concerned himself at all." (Morton, 1969, pp.51-2).

In 1833 Owen presided at a conference which decided to form the all embracing trade union, which later adopted the name the Grand National Consolidated Trades Union, and soon had recruited half a million members. The aim of the union was not simply to raise wages, but to replace the existing state. The government reacted sternly against the growing wave of unionism, the Tolpuddle farm workers were deported, and strikes and lock-outs became widespread. At this crucial point Owen quarrelled with James Morrison, editor of the Union's journal, The Pioneer, and with J. E. Smith, editor of The Crisis, which he controlled directly. Owen accused them of advocating crude class hatred instead of concentrating on the peaceful transformation of society. He declared "It is time the official organ of the Consoliated Union (The Pioneer) should cease uselessly to irritate other classes of society; this is not the mode to serve any cause, but to create unnecessarily greater obstacles to retard the progress of the sacred cause of human amelioration, undertaken by the National Consoliated Union." (Morton, 1969, pp.54-5, p196). A few months later, both

the journals were closed, and the editors driven out of the movement. But the Union was by now virtually dead, and Owen recognised this by establishing a new organization: the Consolidated Association of Industry, Humanity and Knowledge. Owen replaced The Crisis with a new journal to project more accurately his philosophy of purely moral revolution, The New Moral World.

As the general union broke up into small co-operatives and trade unions, Owen abandoned trade union action for his "connection with the great trade union uprising of these years had been, in a sense, an accident. He was by nature neither a trade union organizer, nor a revolutionary leader, but a prophet." (Cole, 1953, p.151). The enduring ideal of Owenism was the desire to create immediately self-supporting, egalitarian, collectively controlled industrial communities, and Owen was reluctant about any efforts to create co-operation in more limited ways such as in the form of trading associations. Yet the poverty and unemployment which this utopian communism was intended to relieve, prevented working people from accumulating sufficient funds to launch the new communities, or if they were launched, determined their immediate collapse. The new morality could not survive in an amoral economic system, and its upholders were destined for either total isolation, failure or absorption.

The Rochdale Pioneers

Distinct periods in the early history of co-operation have been recognised by Pollard: in the first four decades of the nineteenth century Owenist idealism was ascendant, with a powerful desire to escape the ravages of early industrial capitalism. Throughout the rest of the century the practicality of the Rochdale principles became dominant, with a desire to establish a place for the working class within the new-found economic affluence. There was a sharp contrast between the firm outline of the New Moral World of the early co-operators, and the shapeless yearnings of the later co-operatives once they had departed from the day to day business of profitable storekeeping: "The former regarded the stores and their associate workshops as temporary means towards the grander object of the ending of the capitalist social system and its replacement by a New Moral World, a type of socialism in which hardly any of the existing institutions and

social relationships would survive in recognisable form. The latter saw in the stores and workshops themselves the promises and fulfilment of a better world, in which to all intents and purposes the continuance of capitalism, with all its capital owners and wage earners was implicitly taken for granted." (Pollard, 1967, p.102).

It is ironic that the Rochdale Pioneers, who are acknowledged as the founders of the modern co-operative movement were responsible for the first major breach with Owenist idealism: the decision in 1844 to pay individual dividends on purchases was contradictory to the collectivist and egalitarian orientations integral to co-operative ideal. This was achieved only by the retail members, concerned about the size of their dividend, overcoming the workers desire to run their mill as a workers co-operative; and implied members needed a monetary inducement to trade with their own store: surpluses gained by trade, would be distributed unequally among individuals, instead of being retained by the society for use on community projects. Whilst the Owenists had believed their grocery stores were "antechambers to the millenium", the new co-operators "became more and more involved in the practical operations of their successful store and its branches. At no time was there a deliberate break with the past, but the ideals of justice, of fair dealing, of banishing poverty and want, were gradually transferred to the day-to-day operation of distribution and, before long, production in Rochdale, while the ultimate ideal of community life receded even farther into the dim future". (Pollard, 1967, p.97). As idealism evaporated under the weight of more mundane and immediate issues, the original co-operative principles were revised: the commitment to equality became merely a commitment to increasing wages - co-operation became a lever for rising within capitalism not for abolishing it. Efforts to create self-governing workshops became only sporadic, as the movement for consumer co-operation developed extensively, with the establishment of factories merely to serve the consumer societies needs. Though co-operative leaders retained a concern for the welfare of their employees, this was allied to a central concern with efficiency and profitability, as in bonus sharing schemes

which were "found to induce zealous co-operation by them (the workers) in the promotion of the interests of the company, to lessen the chances of disputes and strikes, and to result in larger production and greater and more regular profits". (B. Jones, 1894, p.499).

Early industrial capitalism was synonymous with exploitation, hardship and insecurity for the early co-operators, who looked for its imminent collapse, and replacement by a communist system. After 1850 prosperity increased, conditions improved and expectations were raised from the spectre of intensified exploitation to gradual amelioration. In this context co-operation made the grand compromise with capitalist society which enabled it to expand and grow rapidly, often by accepting the constraints and orientations of the existing system even when they contradicted co-operative principles. "The new Co-operation was no longer a gospel of revolt, much less of revolution. It took colour from its environment, and developed as... a field for the investment of working class savings as well as an expression of the Victorian ideals of self-help." (Cole, 1925, p.229). Just as the ASE was making trade unionism respectable, so the new co-operators sought to make the co-operative movement one of the accepted institutions of Victorian society: "Profits were in principle fervently defended, and co-operation was lauded as making working ^{people} respectable, law-abiding, and property-owning citizens." (Pollard, 1967, p.109).

The Webbs on Associations of Producers: Commercial Survival, Integration, and Democracy

Therefore the history of producer co-operation, unfortunately, was not that of a "peaceful revolution". (C. Webb, 1904). The acquisition of contemporary business values and organization in producer co-operatives, necessary for commercial survival, imposed a corresponding degeneration in democratic ideals and practices. (B. Jones, 1894). Sidney and Beatrice Webb were the most vehement in their categorical denunciation of workers co-operatives: "Democracies of Producers, as all experience shows... have hitherto failed with almost complete uniformity whenever they have themselves sought to win and organize the instruments of production. In the relatively few instances in which such

enterprises have not succumbed as business concerns, they have ceased to be Democracies of Producers managing their own work, and have become, in effect, associations of capitalists." (1921a, p.133). "Moreover, those societies which have had any marked financial success, or have grown to any size, prove, for the most part, to have departed considerably from the form of the Self-Governing Workshop - to such an extent, indeed, that it is not far off the truth to say that form is left behind.... What we see is that the Self-Governing Workshop is hardly ever, for any length of time a stable form. Its essential feature, the union in the same persons of manual workers and managers, hardly ever endures. It is always tending to revert to the ordinary separation of the capitalist system, of non-working capital owners who control, of a manager subject to them who directs, and of manual working wage-earners who obey." (1914, pp.20,22).

In 1914 the Webbs published a survey conducted by the Fabian Research Department to investigate the question, "Can the organization of industry be based exclusively on associations of producers?" The Webbs defined these as the "association of workmen to manage their own work in their own workshop, and to share among themselves the product of their combined labour." (p.13) They dismissed earlier utopian efforts as not meeting this definition, and then presented a catalogue of disastrous failures of producer co-operatives beginning with the Christian Socialists "Society for Promoting Working Men's Associations" attempt in 1849 to establish a dozen self-governing workshops of tailors, shoemakers, builders, smiths, printers, bakers, and pianoforte makers. Almost all of these associations of producers "with melancholy uniformity collapsed" in insolvency. The few that became financially successful, became exclusive with stringent rules of admission, were mercenary in spirit, indulged in reckless internecine competition, and within a few years had become "merely little profit-making ventures in the hands of small masters". Though other independent self-governing workshops were founded on the same model in different towns and trades, they normally experienced a similar fate. A second attempt on a bigger scale were the Trade Union Co-operative Societies. Successive attempts were made by trade unions to establish co-operative workshops: after the strike and

lockout of 1851 the ASE General Council resolved "that hostile resistance of labour against capital is not calculated to enhance the condition of the labourer... all future operations should be directed in promoting the system of self-employment in associative workshops as the best means of effectually regulating the conditions of labour." But none of the co-operatives established in the engineering, iron and textile industries lasted more than a few years. During 1871-5 the Northumberland, Durham and Yorkshire Miners Unions invested in colliery enterprises to be worked by the miners themselves, which failed. Finally in 1899-1906 associations were set up in the printing, boot making and carpentry trades with assistance from the unions, including four building enterprises, which were liquidated within a few years. A third stream of associations identified by the Webbs were joint stock companies set up to work cotton mills with one pound shares to attract working class investors. These "Working Class Limiteds" hardly differed from joint stock capitalism, but became a great feature of Lancashire mill towns.

It was not usual for workers to have shares in the mill in which they were employed but when workers were shareholders in their own mill, they were in a strong position to resist management discipline. A fourth stream of co-operative producers were those established by the consumer societies to produce exclusively for them, which enjoyed a more stable existence. Finally there were the co-operatives emanating from the Labour Copartnership Association, after the failure of which, the Association became more enamoured to the idea of profit sharing between capital and labour. (p.14).

Out of the thousands of co-operatives established, in the years 1850-1914, the Webbs found the results "extraordinarily meagre", with fewer than a hundred societies surviving as co-operative associations, though even these had drifted a long way from the ideals of cooperation. The Webbs classified the survivors as "self-governing workshops, partial autonomies, and dependents of the stores". In the self-governing workshops the management committee was mainly composed of workers employed by the society, and at least a large proportion of the persons employed were shareholders, free therefore from the domination of

outside capitalists. Only one co-operative could be found which fully met these criteria, a small society of cotton weavers in Lancashire, the Nelson Self-Help Manufacturing Society. Established in 1888 after a six month strike, "It has throughout remained, in the strictest sense, a society for finding its own members continuous employment under agreeable conditions, under the management of a committee of eight, who are all themselves employees, and who are annually elected by the other employees who form the shareholding body." However though solvent, the society was less productive than other mills, one critic maintaining that, "Some of the members... refuse to accept the ordinary discipline which prevails in private factories. The manager's authority is questioned, and often not accepted; and complaints of the manager's treatment of workers are frequently laid before the committee. As the whole of the members of the committee are workers for the society they are easily accessible..." (p.15). The Webbs frequent reference to the lack of management authority to impose work discipline in producers co-operatives, is reminiscent of a Spectator report ("a Philistine English periodical") of 1866 upon which Marx commented with amusement, "The same paper finds that the main defect in the Rochdale co-operative experiments is this: 'They showed that associations of workmen could manage shops, mills, and almost all forms of industry with success, and they immediately improved the condition of the men, but then they did not leave a clear place for masters'. What a dreadful thing!" (1976, p.449). A second group of self-governing workshops were thirteen boot making societies in Leicester and Kettering in which although most of the shareholders were not employees, most of the workers were shareholders, and workers composed the majority on the management committee. Working conditions in these co-operatives greatly impressed the Webbs:

"We were struck, on visiting several of these societies, and in talking to those intimately acquainted with their working, with the ease, amenity and sense of freedom that prevails among those who are fortunate enough to be employed in them. There is an absence of 'drive' and martinet discipline. The men and

women, who are all on piecework rates, can talk and sing at their work; they may break off to have tea, or linger at meals; they have no difficulty in getting permission to absent themselves for any cause, or to engage in public work. There is great continuity of employment, because every endeavour is made to keep on all the workers. There is absolute security against dismissal through the caprice or tyranny of a foreman or manager. It is, indeed, a fixed policy that no worker shall ever be discharged, except for grave fault. The workplaces are healthy and well-ventilated, and manners and morals are well above the average. No wonder that workers are generally anxious to obtain admission, and that there is a long waiting list of applicants for employment! With regard to women workers, in particular, these societies, it is clear, offer many advantages. A competent observer at Leicester laid great stress on their superiority 'as places of employment for girls. It is true that in private firms girls can often earn more on piecework (even up to 30 shillings), but this is at the cost of terrible 'drive' and speed, and the girls are often sick. Sometimes they are almost too tired to speak when they get home, and 'feel disagreeable'. They can't keep up the strain, and come on the sick list. Now the 'Productive' girls, on the contrary, have a very low sickness rate. They are not kept working at such a high speed, and there is no such 'drive' and strain to urge them on. Also they have little indulgences, cups of tea, may chat, are not watched so much. All this is appreciated.'" (p.16).

The Webbs record that one of the costs of this humanity, was a loss of economic efficiency in comparison to rivals, due partly to less disciplined work,

but also the problem of technological innovation when it threatened workers traditional jobs, "if any change should be projected which would mean a displacement of labour it meets with such real opposition from the employees that the old method is retained and the society finds itself at an economic disadvantage in the markets".

The second class of co-operatives defined by the Webbs were the 'partial autonomies', a heterogeneous group of about thirty associations established by the Labour Copartnership Association or adopting the constitution it advised. The Association had abandoned the principle of self-governing workshops, but simply maintained provisions that manual workers should have the right: to receive some share in the net profits, after payment of a fixed rate of interest on capital; to become to some extent shareholders in the concern if they desire; and to have some representation on the committee of management of those employees who are shareholding members. The Webbs were critical of these organizations in which only a trifling number of shares were held by workers, and where it was usually provided in the rules that representatives of the employees should be in a minority on the management committee. The only useful examples of this form were print workshops set up by the print unions with the desire to get a union footing in a town, set a standard of trade union wages and hours, and provide secure employment for a branch secretary, though these societies normally remained quite small. The Webbs concluded of the 'partial autonomies,' "We cannot refrain from the observation that there are cases in which societies trade upon the Co-operative name, or upon their professed adoption of profit-sharing or co-partnership, but are, in fact, nothing but little combinations of small masters, making a profit for themselves, in salaries and interest on shares, by employing subordinate labour at extremely low rates of wages, sometimes actually as 'team masters' or givers out of work to be done at home, which is, in fact, 'sweating'. It would be a gain if the Co-operative Union and Labour Co-partnership Association would 'purify' their lists." The final category of co-operatives were the 'dependents of the stores'. These still professed to be associations of producers, but were "in substance mere adjuncts of groups of Co-operative Stores

(associations of consumers), which provide practically the whole market, supply the greater part of the share and loan capital, and dominate the societies' managing committees by their representatives to the same extent as, by their orders, they determine its production". (p.19). The twelve co-operatives in this class were large, prosperous and stable, but with a management from above, if not from outside.

Reviewing their survey the Webbs narrowed down the pervasive difficulties producer co-operatives encountered to three internal problems:

"We are driven to conclude on the evidence, that the relative ill success of associations of producers - their almost invariable experience of finding themselves thwarted, their high hopes disappointed, and their very continuance a permanent struggle - is due to something in themselves, to be sought for in that which is common to them all, whatever their trades and whatever their countries We infer that it is the very form of associations of producers that is ill-adapted to survive. Applied to the democratic control of industry, such a form seems to suffer inherently from three leading disadvantages which may be seen militating against efficiency in practically all the recorded experiments. The group of workmen who make a particular commodity, though they may know all the technical processes of their industry, do not seem able, when they control their own enterprise, to secure, in a high degree, either (i) adequate workshop discipline; or (ii) the requisite knowledge of the market; or (iii) sufficient alacrity in changing processes." (p.21).

Having attributed the reasons for failure to the internal operations of the producer co-operative themselves, rather than to the competitive market system in which the co-operatives functioned, the Webbs offer

the solution of the integration of the producer co-operatives with the consumer co-operatives, which in effect would partially extract the producer co-operatives from the market. Thus consumer societies would provide the producer co-operatives with a ready supply of capital, management supervision, a stable market, and sufficient pressure for technical innovation. (p.22) The Webbs seemed unconcerned that since the new management committees of the producer co-operatives would be drawn from the consumer societies (who were, they claimed, "representatives of a working class constituency") there would be an inevitable loss of autonomy and democratic control in the producer co-operatives.

D.C. Jones v The Webbs: Survival and Democratic Participation.

An impressive contemporary attempt to refute the Webb's insistence on the invariably disastrous implications of producer co-operatives is contained in the work of D.C. Jones (1976a). He accurately detects an air of unremitting vindictive dismissal of the efforts to create producer co-operatives in much of the Webb's writing on the subject: "All such associations of producers that start as alternatives to the capitalist system either fail or cease to be democracies of producers." Jones takes issue with the Webbs on both the ability of producer co-operatives to survive, and their ability to sustain democratic participation. Presenting a largely economic and statistical analysis, rather than a political analysis, Jones begins with the definitional problem of what constitutes a producer co-operative, since the Webbs and other critics such as Ben Jones, tended to include organisations which possessed only the most ^{superficial} claim to be producer co-operatives, by practicing profit sharing for example, therefore diluting the participativeness of their sample. However the definition Jones offers of "genuine" producer co-operatives is a relatively weak one, with reference to the right of workers to share capital, participation

on the board, and a share in profits, without any condition as to the minimum proportion which workers should enjoy relative to outsiders. (p.35). With this definition Jones is able to show by a precise compilation of figures from different co-operative bodies that the producer co-operative movement, although very small, consisting of about 100 co-operatives with less than 10,000 workers, was still vigorous until 1918, when it began to gradually decline in size at least.

Tackling the Webb's claim concerning the lack of viability of producer co-operatives, Jones aims to show that producer co-operatives have survived for longer periods of time than private firms, by measuring the persistence and magnitude of the upward trend in the average age of co-operatives relative to private concerns. Thus in 1963 the median age of producer co-operatives was 66 years, and that of small private firms 22 years. (p.46). It is helpful to remind critics of co-operatives, that small capitalist companies regularly fail too, but all Jones is really examining here, are the geriatric survivors of a decimated movement, since less than a third of the number of co-operatives were in existence in 1963 compared to 1895. Jones admits that the surviving co-operatives were heavily concentrated in older industries such as clothing and footwear, whereas small capitalist companies included those in newer, expanding industries such as light engineering. Moreover when private businesses collapse, the normal course of action is to start up another company almost immediately, whereas when the co-operatives failed, as indicated by the declining numbers, producer co-operative initiative was permanently stifled.

In a sustained critique of the Webbs pessimism about the participatory character of producers co-operatives, Jones extracts three measures of participation from their work: the share of workers in the membership of the society, in its capital, and on its organising committee. Jones maintains that if the share of workers is more than

50 per cent on these measures, then a society is highly participative, "the logic behind the choice of more than one half to signify high participation (equals potential control) is clear when referring to the number of employees on the board (more than half gives an employee majority, and all gives total employee control) or employees as a proportion of membership, or employee ownership or equity". (p.64).

Yet these measures are highly formal and quite crude, if they are to be elevated in this way to statistical tests of participation, they need to be supplemented by further empirical analysis, such as the Webbs and their investigators make, into the operation of actual co-operatives.

(Indeed Jones measures are derived from a statement by the Webbs on a number of co-operatives: "In all these the share of the workers in the membership of the society, in its capital, in seats on its managing committee, and, generally, in its control of their industry is not an effective one;" (1914,p.19); which Jones, in something of a lapse of scholarship translates as : " control of their industry is not an effective one (because of the low) share of workers in the membership of the society (and) on its capital (and) in seats on its organising committee." (1976a, pp.48-49). Jones recognizes that these are not perfect measures of participation, and alludes to the problem of the fair representation of sectional interests on the shop floor (which in a reference to skilled craftsmen being preferred to unskilled women, the Webbs point out); and also the problem of how a dominant chief executive could actually be in control even when workers composed the whole of a board. However, Jones concludes, "in the absence of acceptable indices of participation the use of a simple alternative measure, albeit imperfect, is preferable to no measure at all." (p.65). Even with these qualifications, the measures Jones employs distort and misrepresent the political reality in the co-operatives, and greatly exaggerate the level of worker participation and control,

in another academic instance of making what is readily quantifiable important, instead of making what is important quantifiable !

Nevertheless the results which Jones obtains utilizing these measures of participation do not inspire confidence in the participative qualities of producer co-operatives, regardless of Jones claim that "the Webbs both misinterpreted the situation that existed when they wrote and their expectations for the future were not fulfilled." (p.52). Thus by 1970 only one society had more than 50 per cent of the equity owned by employees, and only one society had employees constituting more than 50 per cent of the shareholding membership. The most impressive figure which Jones produces, is that by 1970 46 per cent of societies had 50 per cent or more worker representation on the management committee, and that the historical tendency was for those societies to survive with the larger proportion of workers on their management committee. (p.50) Jones scupulous concern with statistical accuracy though, is combined with a neglect of basic political analysis. He is aware of the importance of empirical investigation: "Notions and hypotheses abound in the field but most orthodox doctrine remains untested by its proponents", (D.C.Jones, 1976b, p.27), but largely confines his study to statistical records, thereby missing any appreciation of the organisational and structural constraints which limit workers participation.

The questions which would need to be examined if Jones assertion of the sustained participation in worker co-operatives were to be verified, include the following:

- a) composition: who secured representation on the management board from among the workers? For example what proportion of different skill groups, and what proportion of administrative workers?
- b) influence: who dominates the decision making of the board in practice, regardless of formal representation or who formally constitutes a majority?

- c) issues: which issues are considered or are neglected by the management board? Which issues are considered realistic and which are dismissed as unreasonable?
- d) constraints: how restricted by the external environment is the board in decision making. Which decisions derive from internal choice and which from external influence.

It is only by analysis of these different areas that any adequate assessment of the distribution of power both within a co-operative, and in wider society, is possible. (Lukes, 1974). (Hence at the Scottish Daily News, that the workers should have a majority of the board representation was at first considered a critical issue. In practice what proved more important was: the unrepresentative nature of a number of those who were elected to the Council ostensibly as worker representatives; the overpowering influence of Robert Maxwell on the board; the fact that due to underfunding, Maxwell, union conservatism, and other reasons, many important issues were not properly considered; finally, the fact that both the government and the advertising market set such severe constraints upon the co-operative that there was little room for initiative or determining influence even at board level). In measuring the participative character of producer co-operatives, Jones places undue emphasis upon the articles of co-operative constitutions and formal structures: though a democratic constitution is an important condition of a democracy, it is by no means a guarantee of democracy, as in their different ways, the work of Michels (1962) and Marx (Draper, 1974) reveal. Formal democratic structures can often conceal the most oligarchical practices.

Dismissing the Webbs "spurious claims concerning allegedly inherent degenerative tendencies in the participatory character of producer co-operatives", (1976a, p.66), Jones maintains that the Webbs unjustly stigmatized all producer co-operatives as frauds or failures because

of their "prejudiced position". "Hence their unchanging attitude regarding the allegedly non-participatory nature of producer co-operatives is probably largely a product of fixed ideology". (p.57). This ideology, according to Jones, caused the Webbs to chastise producer co-operatives for degenerating as self-governing enterprises, and then inconsistently to praise the "genuine philanthropy" of the least self-governing enterprises, those integrated with the co-operative retail stores. In fact the Webbs interpretation was not inconsistent: the features of associations of producers operating in a market system which they objected most to, was that they stimulated self-interest and were highly unstable. In contrast associations of producers serving consumer associations created a form of production for use, and were highly stable, providing the possibility for production control and planning, inconceivable in a producer co-operative floating in a free market. The Webbs were right about the commercial hazards of producer co-operation, and the tendency for participation to degenerate, though it was misleading of them to suggest that these were "inherent" qualities of producer co-operatives, rather than the result of being inserted in a competitive market system.

On one point, Jones' critique of the Webbs is perfectly accurate: their obvious disdain for workers control, willingness to consider seriously the most vacuous bourgeois arguments against democratic control, and their preference for the efficiency and order of professional bureaucracy. This is apparent throughout their research work on co-operatives, where they repeatedly report without strong objection, the trivial complaints of disconsolate managers displaced by management committees: "The committeemen themselves are constantly complaining, criticising the manager's methods, pointing out that their way of doing things would be more efficient in results than the manager's, staying his hand, and crippling his efforts in a manner which makes successful

working not quite possible ... The system of having worker-members on the committee is felt to be wrong in principle and injurious in practice; they rarely possess an aptitude for business, they resent and refuse to acknowledge managerial discipline, and by their action they encourage workers not on the committee to adopt the same course. The society has too many masters !" (1914,p.16). The Webbs extend this disdain for workers control into a general dismissal of the possibility of democratic management in any association:

"No self-governing workshops, no trade union, no professional association, no co-operative society... has yet made its administration successful on the lines of letting the subordinate employees elect or dismiss the executive officers or managers The relationship set up between a foreman or manager, who has throughout the working day to give orders to his staff, and the members of that staff who, assembled in general meeting, criticize his action or give him directions, with the power of dismissing him if he fails to conform to their desires, has always been found to be an impossible one." (1921a,p.166).

This bureaucratic elitism was, as Jones argues, an unfortunate Fabian influence upon the debate over workers control in the British labour movement in the twentieth century, particularly during the period of post-war nationalisation when workers were excluded from any formal involvement in the control of their industries.

However Jones sweeping references to the implications of producer co-operatives for industrial democracy generally, are untenable. He insists that Clegg was wrong to maintain that only unions can represent the industrial interests of workers: "In British producer co-operatives workers' interests have been primarily represented by diverse institutions whose members are accountable to the workforce. Among

these institutions unions assume a respected but distinctly secondary position in importance for directly representing worker interests." (D.C.Jones, 1976a, p.59). On the contrary, the work of the Webbs and of other investigations into producer co-operatives, reveals how central trade unions were to maintaining acceptable pay, employment and conditions in producer co-operatives, which could be defined as the basic "industrial interests" of workers; for example in one society, "Adopting the hours fixed by the Factory Act, and the scale of piecework rates currently enforced by the trade union, questions of administration were minimized". (S and B. Webb, 1914, p.15). What Jones fails to realise, which Clegg emphasised, is the importance of independent trade unions free to represent workers interests without assuming the concerns of management. The central weakness of Jones' approach to workers co-operatives is the assumption that with the acceptance of a formal democratic structure by a co-operative operating in a market economy, the control of workers will be enhanced. In reality workers in this situation are even more vulnerable to the exploitative pressures of market forces as most research, including that of the Webbs, shows. The Webbs believed that integration within the wider consumer co-operative movement was a means by which producer co-operatives could escape the inimical effects of the market.

The Consumer Co-operative Movement

As far as the Webbs were concerned "the great and growing Co-operative Movement of Associations of Consumers... has succeeded as markedly as the Associations of Producers have failed." Apparently they were impressed not simply by the huge commercial success of the consumers movement, but also by the principle of the consumer co-operatives producing to meet their members needs, which the Webbs defined, rather deceptively, as production for use not for exchange, and elaborated into a theory of consumers democracy, as explained, without false modesty, by Beatrice Webb:

"In great Britain it was nearly half a century before the co-operators became aware of their government as not one of workers control, but a consumers democracy. ... In the debates of the co-operative congress right down to the end of the 19th century, most of the intellectuals of the movement, as distinguished from the working class administrators, held to the ideal of an association of producers. The theoretical justification for a consumers co-operative movement organising both manufacture and distribution on the basis of supplying ascertained wants - to be supplemented by an absolutely co-extensive organisation of the workers in trade unions and professional organisations, and both to be complemented by a national and municipal organisation of citizens as such for essentially civic functions - was, I think, first promulgated in my book on the Co-operative Movement of Great Britain (by Beatrice Potter) published in 1891." (1921b,p.17)

Though this theory of consumer democracy earned the Webbs and other Fabians the taunt of "consumptive collectivists" from G.D.H.Cole and the Guild Socialists who remained committed to the concept of self-government in industry, the Webbs had the satisfaction of seeing the consumer co-operative movement grow into massive proportions. In the period 1881-1921, though the number of co-operative societies remained at around 1,300, the aggregate membership of the societies increased from just over half a million people to four and a half million people, many of whom represented families; therefore, it was estimated, one third of the total population of Great Britain were included in membership. During the same period the total sales turnover of the consumer societies increased from £18.5 million to £200 million. To supply the co-operative retail societies with goods a federal Co-operative Wholesale Society was successfully established in England and Scotland.

The manufacturing activities of the English CWS begun in 1873 were considerable, with an output six times as great as that of all of the producer co-operatives together; and, with 47,000 workers, employing five times as many people. (B.Webb, 1921b). Co-operation extended beyond retail into distribution, importing, manufacture, agriculture, mining, transport, insurance and banking. "Whatsoever the members desire to have, that the co-operative society of this type sets itself to supply, without the toll of profit, at the lowest possible cost. It is emphatically a democracy of consumers for the government of industry." (p.17). The philosophy and practice of co-operation stretched into almost every sphere of activity in working class towns with departmental stores, bakeries, dairies, laundries, tailors, builders, funeral parlours, convalescent homes, literary societies and rambling clubs.

Rambling they may not have objected to, but capitalists did not welcome the masses doing for themselves what capital could do at a profit, and this resentment reached fever pitch in the first decades of this century when the growth of co-operatives was most rapid. Every obstacle was placed in the path of the emerging co-operatives, and it was the discrimination of manufacturers, farmers and suppliers which stimulated the growth of the CWS to replace them. Sometimes big companies joined in the attacks on the co-operatives, for example Lever Brothers took 22 legal actions against the co-operative movement concerning the sale of soap. With the help of a campaign against trusts coming from the unlikely quarter of the Daily Mail, Lever Brothers were defeated, and the co-operatives set up two soap factories. (Lever Brothers were concerned they would lose a large share of the market, but they could not have known that having won the case, the co-operatives would later stock Sunlight soap !). (Beaverbrook, who had no qualms about trustification, later used the Express newspapers in a crusade against the co-operative societies). A veritable high street war broke out as the co-operatives

secured an ever greater share of the retail trade, and private grocers around the country complained bitterly about what they considered to be unfair competition, as The Grocer frequently recorded, "We, being a large body of traders in St Helens and district, are called upon to pay income tax, whereas the co-operative societies, who are crushing the shopkeepers out of existence, are exempted from paying income tax out of their profits, and we consider it very unfair to the rest of traders." (26 April 1902). Though the income tax grievance was constantly resurrected by private traders, the simple answer was that co-operative members were liable for income tax as individuals on the dividends they received from the co-operative societies, but as most members earnings fell below the tax threshold, none was paid. Private businessmen were right to feel threatened through, since co-operation in this period was certainly on the offensive.

"There seems at first sight no limit to the scope and enterprise of the federated co-operators in pursuit of their ideal of bringing under the control of the democracy of consumers the whole of the processes of industry, right back to the earth itself. The experienced committeemen and managers of the Co-operative Wholesale Society, as of the larger stores, are always yearning to eliminate the last remaining capitalist middleman and to get everything at its very source, executing by their own agents all the processes of growing, harvesting, extracting, transporting, converting, mixing, manufacturing, preparing and packing that the raw material undergoes on its way to consumption, and performing every kind of personal or professional service."

(B. Webb, 1921b, pp. 35-6

Perhaps enthusiasm at the commercial development and prosperity of the consumer co-operative movement distracted the Webbs from the full significance of the political changes which were taking place simultaneously in the co-operatives, and the ensuing effects upon employees and customers. Control in the larger co-operatives passed from unpaid committees of management to full-time salaried officers; democratic participation of members in meetings and elections of officers was frequently lower than 5 per cent; which led to the replacement of members meetings by the institutionalised passivity of the ballot box; and in the larger societies members meetings were replaced by representative assemblies which in turn elected executive committees that exercised control over the policy of the management committees. In this way a direct participatory democracy was replaced by a representative system, which encouraged inaction on the part of ordinary members. As for co-operative workers, they were in a difficult position, since most consumer societies specifically excluded them from taking part in elections, or sitting on management committees, to prevent "a society being run by its employees". Under the impact of the pressure for workers control during 1900-1920 most societies removed the disqualification of employees from voting, though many were reluctant to change the rule about workers being disqualified from election to the management committee. Joint advisory committees of management and workers were not a satisfactory alternative. "As time passed, co-operative employees became less willing to leave the question of their political status and economic condition to the chance of their employers benevolence ... The growth of the Amalgamated Union of Co-operative Employees during the 1900s and its militancy in the 1910s - albeit immediately concerned with wages rather than political status - does not suggest widespread involvement of employees in retail co-operative government." (Rose, 1976, p.96).

As an employer of some 200,000 workers, who were denied any other means to influence their pay and conditions, it was inevitable that the co-operative movement should encounter independent trade union action. In 1899 and 1908 the Co-operative Congress accepted recommendations of a joint committee of the TUC and the Co-operative Union that "co-operative factories, workshops, or stores should pay recognised trade union rates of wages and work the recognised trade union hours prevailing in each particular branch of industry in the district." However, this did not settle the problem. "Confronted with the constantly growing demands of the Amalgamated Union of Co-operative Employees and its readiness to use the weapon on the strike, the Co-operative Congress in 1916, on the urgent recommendations of its own Central Board, began, somewhat feverishly, to organise within the co-operative movement an efficient machinery for negotiating with the AUCE and simultaneously a weapon for resisting its more extravagant demands." (B.Webb, 1921b p.30).

In fact although the co-operative employers generally paid higher wages than capitalist employers, this was in a very low-paid industry, and the co-operative employers were at first reluctant about a legal minimum wage, and then failed to use their influence to improve the minimum wage up to the best wage paid in any establishment. Wages were depressed in the co-operative societies to increase profits and dividends, and the bonus paid to labour out of profits was small, sometimes less than one per cent. Co-operative store assistants worked 56 or more hours a week and lived near the breadline: "The co-operative movement is supposed to set its face against sweating, and no doubt does so effectually up to a certain point; but this is probably due, not so much to the spontaneous action of the societies, as to the fact that in certain departments where labour is well organised trade union conditions can be readily secured. It is quite evident, however, that there is still great room for further improvement, and that the Amalgamated Society of Co-operative Employees will

find it hard work to obtain the general recognition and adoption of their modest scheme of minimum wages." (Forrest, 1903). In this context disputes were frequent, and sometimes escalated into major struggles between the co-operative and the trade union movements. Striking workers at the CWS shoe factory in Leicester set up their own workers co-operative in 1886, Equity Shoes, rather than be starved into submission. (Fletcher, 1976, p.176). A dispute occurred in Oldham between the Amalgamated Society of Tailors and the co-operative society over the retention of craft work and rates. The co-operative maintained that it produced cheaper suits for working class people, and could not afford the rates since it operated a factory line with female labour, which resulted in the union declaring the co-operative a non-union workshop. (Forrest, 1901). Finally, in 1902 the CWS acquired tea estates in Ceylon, and later in Southern India, and one can only wonder how poor pay and conditions were on these.

Nor were the commercial policies of the consumer co-operative entirely beyond reproach. There was plenty of evidence that co-operatives were charging higher prices and securing greater profits than private traders, in order to pay out a bigger dividend to the members. The dividend was regarded by working class members as a means of saving, and was often as high as 15% of the amount of the purchases made. Unfortunately this practice compelled "the lowest paid workman, to whom co-operation should be an especial blessing, to go to the private trader, on account of his inability to purchase our higher priced goods." (Ackland, 1897, p.346). When a dividend was not paid by a co-operative society though, trade collapsed, indicating a purely cash nexus between co-operative stores and the local community. Another thorny issue was the question of credit. The co-operative stores were supposedly dedicated to the principle of cash sales in order to prevent their working class customers sinking into debt, as the private traders often allowed them to do. But at times of hardship

this principle was impossible to maintain, as in the course of prolonged strikes, when credit was essential to avoid starvation: during the General Strike in particular, local co-operative societies covered themselves with glory by sustaining strikers with food and other supplies.

Behind the particular problems of the consumer co-operative movement was a more general change in organisation and orientation. A distinctive feature of the co-operative movement in the nineteenth century was its de-centralised structure with hundreds of autonomous local societies. Many societies jealously guarded their independence and maintained an anti-statist radicalism well into the twentieth century, while the formation of the Co-operative Party in 1917 helped revive grassroots activism in the movement. Yet the movement as a whole faced an overpowering pressure towards centralisation and formalisation during this period, which it failed to resist. The influence of the expanding Co-operative Wholesale Society was critical in aggressively encouraging amalgamation of local societies, while the CWS full time management itself was elected only by the executive committees of the constituent societies. Many co-operative idealists, like Wolff felt alarmed at this transformation:

"One cannot attend a co-operative congress without observing the cut-and-dried, pre-arranged character of everything that is done, the complete absence of argument, and the forcing upon the meeting of a programme which appears to have been prepared by very few people, who practically rule the proceedings... A rise for individuals who make a 'calling' of co-operation, railway directorships, seats in Parliament, and all the rest of what we hear so much about now, we re not to be found in the original Rochdale programme.... The movement was to bring good, not of one kind only, but of many kinds; not to a few people, but to the whole of the labouring

population. It was not to turn a few into capitalists and men of position, but to emancipate all." (1901, pp453-8).

Others were not so restrained in their assessment, "One after another the principles of co-operation have been abandoned, the forbidden fruit of profit has been tasted, capital has accumulated, the claims of labour have been rejected, and the organisation is rapidly becoming a great trading corporation like any other joint stock company". (Ackland, 1897, p.352). Despite the Webb's championship of consumer democracy as the only effective 'collectivist' democratic control of industry, it was clear to some co-operators that a consumer movement alone was inadequate:

"Of all forms of co-operation, supply really appears most to need some other form as a complement, to correct its individualist and capitalist tendencies. Therefore to have supply absolutely supreme in our co-operative movement, means not only unduly narrowing a movement which should, and was intended to be, broad and varied in its character, but also allowing that movement to be directed by a spirit which, of all co-operative, impelling forces, is least co-operative, most likely to degenerate into gain seeking. And, unfortunately, as we see to be actually the case, being least co-operative, it is also dangerously inclined to use its power to obtain a monopoly, and in the exercise of that monopoly to exhibit least toleration of others." (Wolff, 1901, p.457).

Workers Control, Revolution and Revision.

The Webbs myopia towards the degeneration of participatory democracy in the consumer co-operative movement, their failure to perceive how the co-operatives were subject to the same process of professionalisation, hierarchical centralisation, and monopolisation, as were capitalist companies, was due to the early Fabian preference for elitist bureaucratic collectivism. But the condescension of orthodox socialists towards the

concept of workers control was seriously shaken by the rapid spread of theories of revolutionary syndicalism and later guild socialism, which accompanied mass strikes and violent political disaffection in the years immediately before and after the first world war. Working people were demanding once again a real share in the control of industry and the co-operative movement had to respond.

The syndicalists rejected the reformism of state socialists such as the Webbs: parliamentary democracy was deemed structurally incapable of achieving social emancipation for the working class, and nationalisation was criticized as likely to produce a coercive state bureaucracy. Syndicalists stressed the importance of autonomous direct action by the organised working class through mass revolutionary strikes. Industrial unions would then provide the basis for workers control of industry and society. Trade union activists were heavily influenced by syndicalism, and syndicalist propaganda fuelled many of the great industrial clashes of the period. However, syndicalist thought underestimated the significance of two central problems: "The first was the problem of how trade unions might avoid structural tendencies to incorporation within capitalism as permanent bargaining agents and mediators of conflict, trends which would undermine their revolutionary potential. Secondly there was also the question of how the ultimate revolutionary overthrow of capitalism was to be achieved in the face of capitalist resistance, in particular resistance by the state." (Holton, 1976, p.204; Brown, 1974). Nevertheless, the moral fervour of the syndicalists and the aggressive ambition to create socialism immediately rather than postpone it indefinitely, revived the hopes and vision of working people, which in the co-operative movement had been dulled by the routine of conventional trade.

Almost as ambitious, though somewhat more restrained, was the policy put forward by the guild socialists, who declared that the whole of industry should be governed by workers in a system of national guilds:

the producers would control production, and the consumers would control consumption. The guild socialists respected the rights of consumers but maintained that these should not be used as an excuse to keep industrial workers in servility. There was considerable scope for mutual assistance between the guilds and the co-operatives, but as Cole indicated there was ground for conflict too:

"Clearly, if the guilds supplant capitalism, they will supplant co-operative production as well. The attitude then, of productive workers employed by co-operative bodies will not differ materially from the attitude of those employed by the state or by private employers. In any case the goal is the same, and the way to it is by the strengthening of trade unionism and the securing for it of an ever-increasing share in the control of industry. The struggle for industrial freedom will, we may hope, be less bitter in this sphere than elsewhere; but the normal attitude of the co-operative movement today in dealing with its employees gives no great ground for the belief that it will be altogether peaceful." (1972,p.229).

Though the theory of guild socialism was never successfully implemented, a vital spark within it remained to powerfully illuminate the deficiencies of the existing co-operative movement: "The idea of national guilds is the quickening spirit of the century, not because it puts forward new suggestions with regard to the organisation of industry, nor even because it insists on the right of the producer to control his own life, but above all because it is a new philosophy - a philosophy of active citizenship for every man and woman in the community." (Cole, 1972, p.231 my emphasis). Ironically, one reason why guild socialism failed, was that although it emphasised grassroots action, as a doctrine it never permeated further than the circles of left Fabian intellectuals and some trade union leaders. (Mellor, 1921).

A rank-and-file movement which both transcended some of the theoretical weaknesses of syndicalism and the practical limitations of guild socialism, was the shop stewards movement which emerged during the first world war. With a stress on independent rank-and-file action the shop stewards movement provided an exercise in participatory democracy at the shop floor level. By militant organisation at the point of production workers pushed back the frontier of control on a wide range of production and managerial questions including employment and dismissal; discipline; promotions; methods of payment; organisation of work and changes in technology. In this way they defied not simply the authority of their own management, but the managerialism of socialists such as the Webbs who had dismissed the concept of workers control. (Goodrich, 1975; Cole, 1973). The shop stewards movement developed syndicalism in the direction of communism: the syndicalist conception of trade unions as both the agency of revolution and the basic component of future socialist society placed undue dependence on the trade union bureaucracy and underestimated the problems of sectionalism: the local workers committees based directly on the factories were controlled by the rank-and-file, and were capable of pressing for socialist policies within the trade union movement as well as in wider society, forming the political nucleus of the workers state. (Hinton, 1973). The high point of the shop stewards movement came with the outbreak of the Russian revolution in 1917, which dramatically confirmed the aspirations of the workers committees: it then seemed that a determined industrial struggle would bring political power to workers and soldiers soviets in Britain.

Prospects of a workers state were effectively crushed in the dismal aftermath of the first world war: the government contained the explosion of discontent, and in the ensuing depression shop steward leaders were victimised and found themselves leading the unemployed. Militants appreciated too late the importance of the Bolsheviks emphasis on an

assault upon state power in revolutionary struggle, and as they joined the newly formed Communist Party, they looked in admiration at the achievements of the Soviet Union. Paradoxically, because of their emphasis on the conquest of state power, the stance of the Bolsheviks on workers control was ambivalent. The factory committees had played a critical role in the revolutionary seizure of power, but Lenin viewed them as agencies of opposition to management control, rather than as potential agencies of self management. Workplace organisation after the revolution was limited to a defensive role, to protect workers against unacceptable demands of management and the state bureaucracy. (Goodey, 1974; Deutscher, 1950). A terrible inversion of the practice and lessons of the autonomous workers movements developed within the communist movement, as Hyman explains:

"The enormous problems confronted by the infant Soviet state reinforced this lukewarm attitude towards self-management, and helps explain why political revolution was not carried through into a revolution in authority relations in industry. The initial decision on strategic priorities facilitated the subsequent process of bureaucratic distortion and - as economic difficulties intensified - erosion of the institutions of even negative workers control, culminating in the dictatorial labour discipline of the Stalin era. One consequence has been the long history of confusion and equivocation in the official Communist movement on the question of workers control". (1975b, p. XXXVI).

Among the most ardent admirers of the highly centralised state planning which was imposed in the Soviet Union were, ironically enough, the Webbs, who saw in it their vision of an ordered egalitarian and just society, without the unnecessary discomfort to professional administrators of autonomous workers control. (THES, 19 May 1978).

With independent movements for workers control repressed and largely extinguished, complacent and paternalistic views on the possibility of re-distributing control in industry flourished in the Labour Party in the 1930s and continued through the period of post-war reconstruction. Yet as social democrats attempted to slam the door on further debate with the achievement of the supposed contentment of a mixed economy, increasing industrial conflict indicated the continuing dissatisfaction of workers with the existing distribution of control and rewards. The response of capital was to withdraw investment to activities and countries in which independent labour action was not a problem, with the resulting redundancies and closures, exacerbating industrial conflict further. Simultaneously there was widespread disillusion with the rigid and authoritarian industrial structure of state capitalism. In the context of an industrial economy apparently hurtling towards collapse, with an increasingly assertive organised working class, in the early 1970s there was a remarkable revival of the debate on workers control, an important component of which was a surprisingly rejuvenated interest in the possibility of workers co-operatives.

CHAPTER THREEKIRKBY MANUFACTURING AND ENGINEERING

"All these experts and professors came and told us what's wrong with KME. We know what's bloody wrong - we need more products. But they say high overheads, not enough output, overmanning. And it all adds up to the same thing - redundancies, and those that's left work harder. But there's no way 300 people can keep that factory open with those overheads - so it's all nonsense... KME could never make a profit with those products. We shouldn't have been interested in making a profit. We should have showed what a co-operative could be. We could have taught people about co-operation and trade unionism. It wouldn't have lasted, but we could have done something for those that came after us. Now they can only learn from our mistakes."
(KME shopfloor worker).

"They say KME's a failure. But KME's kept 750 jobs for years. This fella Arnie Weinstock, he had 15,000 employed in GEC on Merseyside ten years ago. And now the factories are empty shells and standing idle, and there's 2,500 employed. And you read about the enormous profits he's making. What a big success he is. Well if that's capitalism, I'd rather have the co-operative. They started out with 750 jobs and they kept them." (GEC shopfloor worker).

The history of the Kirkby factory is a modern tragedy: a painful biography of the de-industrialisation of the British economy; a classic illustration of the consequences of the equivocal, inadequate and self-defeating attempts at economic intervention by successive Conservative and Labour Governments; a sharp reminder of the lack of knowledge and experience of participatory democracy which stretches down to the shopfloor union movement; and a chronicle of the rise and fall of the determination and dreams which fuelled the Right to Work campaign of the 1970s.

It was purpose built as a light engineering factory by the Board of Trade in 1960 to provide employment in the new town of Kirkby. BMC were loaned the money by the government to buy the factory, and a succession of private companies have owned the factory, benefitting from government loans amounting to £3.2 million and grants amounting to £480,000

Private companies failed to develop and sustain the potential of Kirkby, and to an extent this was a deliberate policy of parent company boards: it was allowed to decline as an unwanted regional subsidiary and its major products were gradually removed or sold off. BMC (1961-68) operated the factory initially as an important domestic products base with over 2,000 workers on a three shift system manufacturing the Moulton bicycle, stainless steel and vitrous sinks, Bendix washing machine and dryer, and radiators. However the Moulton bicycle, the first of the modern breed of small wheel bicycles with immense market potential, was sold to Raleigh, and by 1966 the factory was reduced to two shifts and a third of the supervisory staff were made redundant. BMC sold the factory for £4 million to a major domestic appliance manufacturer Parkinson-Cowan (1968-1971) who were unable to stem the losses caused by high overheads and inadequate output, which amounted to about £1 million per year, and exacerbated the problem by selling the one-piece stainless steel sink to a competitor, Carrons, and in 1970 declaring 300 redundancies. A credit squeeze reduced demand for Parkinson-Cowan's products, and in 1971 the whole group was taken over by Thorn Electrical (1971-72) for as little as Parkinson-Cowan had paid for the Kirkby factory alone.

Within two months Thorn announced 505 redundancies among the remaining 1,100 Kirkby workers, and it became clear they intended to quickly move the last of the profitable products and close the factory. A prolonged strike in resistance was embittered by the revelation that Thorn had shifted production of the sophisticated Bendix appliance to Spain. The possible blacking of the movement of Thorn products, brought a reprieve for the Kirkby workers, but only until early 1972 when closure was likely. The workers prepared to defy Thorn's attempt to close the factory, and during heated negotiations in January 1972, a largely spontaneous occupation of the factory took place in protest for the right to work. The occupation was extremely effective and with the support

of transport workers serious pressure was put on the Thorn group to concede. The intercession of Harold Wilson, the constituency MP, brought a negotiated settlement in which Thorn's promised to guarantee production for two years. In the meantime the factory had been sold through a series of intermediary companies, who extracted an exorbitant profit, to International Property Development (IPD) who were offered guarantees by Thorn to maintain production for the promised period. IPD (1972-74) introduced only an orange juice production line which consistently proved of doubtful viability, and was unable to overcome the commercial problems resulting from the previous stripping away of the major lines of the factory. Bombastic claims of a new profitability and understanding by the managing director of IPD, were refuted when, promptly, the company faced collapse early in 1974 and attempted to secure government assistance. A refusal led to the declaration of closure, but the workers refused to accept redundancy, expelled the receiver, and began their second occupation. At this point Benn intervened with the promise of a workers co-operative which eventually materialised.

Extensive media coverage of these events emphasised the management viewpoint that the difficulties of the factory were caused simply by unviable products and recalcitrant labour. In fact private companies have consistently been reluctant to move to the development areas, particularly to unpopular regions such as Merseyside: BMC were only persuaded to move from the Midlands by a combination of incentives and planning restrictions. Merseyside was unpopular with employers because its maritime economic infrastructure was obsolescent, its port related industries were in decline, it was remote from the growing centres of prosperity in the south, and its casual, unskilled labour force was less amenable to the disciplines of modern factory production. (MSRG, 1980, pp.27-43). Frequently when companies have moved, they have simply utilised the full benefit of government assistance and then moved on.

lack of investment in British industry in this period, and restructuring and product development in areas such as domestic appliances was too late and too faint-hearted. Kirkby was one of the first casualties of the inexorable decline of manufacturing capacity in Britain relative to other industrial countries. Towards the end Kirkby was not wanted for other reasons, particularly the labour militancy and established wage levels, (wages were one third higher than Thorn's average). However clear evidence that products, plant and most probably capital was being syphoned off to larger more profitable concerns in Britain and abroad was hardly conducive to industrial peace; in fact the reputation for militancy at the plant was largely acquired from 1971 onwards when the workforce first become aware of the plans to close the factory completely. It was difficult not to agree with the conclusion of one astute worker, "I don't think the workforce here is bad. I think management call them bad because there's slightly above the average number of blokes thinking for themselves."

It was the uniqueness of the occupations in 1972 and 1974 which accounted for the controversy surrounding the factory: many similar factories quietly died, but in Kirkby the workers refused to accept their commodity status. It was during the occupations that workers fleetingly, but euphorically, sensed the meaning of workers power. "For fifty years, whenever there's been any trouble it's always the workers who've been put out the gate: either made redundant, or a lockout, or they go out themselves in a strike. But here - and elsewhere in the future - it's the management who are on the street." A profound excitement and involvement infused the organisation of the occupations: committees were set up to deal with security, finance publicity and entertainment. The local community and workers families were drawn into the struggle with packed open meetings and shows given by local artists. Particularly during the longer occupation of 1972 there was the impression that the workers existence had been transformed, and

in many respects it had, though the shift system arranged for the occupation had an uncanny resemblance to previous shifts operated at the factory, and one woman actually went so far as to have brought in to the stewards a doctor's note saying unfortunately she was too ill to take part in the occupation! A great success of the first occupation was the sophisticated information bulletin prepared listing all of the Thorn products and subsidiaries, which was widely distributed among transport workers, and was instrumental in securing their agreement to halt the movement of Thorn products at the docks and airports. Support for the occupations came from all sections of the labour movement, and speakers were invited to address factories, colleges and political meetings throughout the country. Finally the mass media, from the first moment the workers took over the boardroom in 1972, was skilfully handled, as sympathetic journalists were given full and convincing accounts of the workers case, whilst the management scurried away in confusion and embarrassment. There were problems experienced during the occupations, particularly how the senior stewards dominated the organisational activity and became distanced from the workers carrying out the routine functions of the occupation. (Clarke, 1974). However, generally there was a feeling of efficacy and purpose among the workers during the occupations, which gradually disintegrated under the co-operative.

For the remaining months of 1974 the company was run by the receiver who the workers allowed back into the factory, and rotating lay offs were agreed while studies were conducted into its future prospects. In their original submission the shop stewards requested £6.5 million, but Benn pointed out that anything over £5 million would have to be submitted to the House of Commons for approval, and until the October election, Labour were a minority government. The management consultants Benn commissioned, Inbucon predictably called for 300 redundancies, extra management and new products, together a new pay, hours, and productivity

deal to lower unit costs, which would eliminate all the benefit the workers had secured from a decade of shopfloor bargaining. As with the SDN, the Department of Industry's own advisers, the Industrial Development Unit, were deeply pessimistic about the commercial prospects of the factory, and estimated that the proposed co-operative had underestimated its cash requirements by £850,000 for 1975 alone. (Eccles, 1976, pp. 155-160). Equally IDAB, chaired by a merchant banker, concluded that "the objectives of a workers co-operative are commendable" but that "there were not enough profitable activities to offer a prospect of generating a positive cash flow" and that "extremely tight management is needed in the highly competitive contract press work". To their lasting fury, Benn overruled his advisers, and announced the grant of £3.9 million on 1 November 1974. In the ensuing parliamentary row, Eccles sardonically records, "The government was accused of making a political decision." (1976, p.160). During the winter of 1974 about two hundred disheartened workers were allowed to drift away, though the sit-ins were fought and the co-operative founded supposedly to prevent redundancies.

The co-operative inherited the inadequate product base bestowed by the previous private owners. Though attempts were made to develop new products, the resources were not available to accomplish this properly. The co-operative consisted therefore of a large and adaptable factory with a willing workforce, but insufficient products to maintain the production necessary to cover the large fixed overhead costs. Tony Eccles, who was a management consultant to the co-operative explained:

"The decade of operations at Kirkby had shown the major problem to be that of filling the factory with enough work to cover its large fixed overheads. Cutting the product range scarcely helped. Reductions in the product range and in the labour force helped to cut the overall

costs and increased the average profit margin of the remaining goods by eliminating low margin or unprofitable work - but left the fixed overhead costs to be spread over the smaller volume of goods. The net result was a negligible change in the overall unprofitability." (1976,p.145)

Thus in many ways the industrial problems of KME and the policies which were adopted to tackle these problems, were a microcosm of what was happening in the British economy in general.

Enveloping commercial problems constantly pressed in upon the leaders of the co-operative, and enforced their primary concern with the economic survival of the company, encouraging their neglect of democratic considerations. This problem originated with the founding of the co-operative: little time was given to thought of how the co-operative would be different from a conventional enterprise either among management, trade union representatives, or the workers themselves. The period of transition in the autumn and winter of 1974/1975 was spent desparately trying to produce enough to prove viability and justify Department of Industry support. The interest of idealistic outsiders in wholesale internal reform of the co-operative work organisation and control structure, and the vague, but nonetheless compelling hopes of many of the workers for substantial change, were not shared by the co-operative leaders whose primary concern was to maintain output, financial stability, and employment security. The Department of Industry itself seems to have concurred with these priorities, and given the underfunding of the enterprise could be said to have imposed them.

The outstanding feature of the control structure at KME, was what has been described as the 'pivotal position' of the convenor and deputy convenor, Jack Spriggs of the AUEW and Dick Jenkinson of the TGWU, who also became the sole directors. This arrangement ostensibly occurred to prevent any reassertion of control by professional management

or outside directors, because of the history of irresponsible management at KME. It was originally intended that further directors would be elected from the workforce, but this did not occur. The convenors argued, "The workpeople make the final decisions. It is only because of the law that we have a board of directors. It is imperative that the union and the workpeople keep control." They insisted that as directors they would simply rubber stamp the co-operative executive's rulings, and that there would not be two entities but for the law. However this was before a co-operative executive was elected, as the co-operative constitution took six months to finalise.

A draft constitution was circulated in December 1974 for discussion amongst the workforce and "to bring forward their ideas", though "the government will reserve the right to accept or reject any items" and they "will have to comply with the law - as it stands at the moment." The first suggested aim of the co-operative was an amazing one: "to act in conjunction with the company KME and to keep maximum unity over the running of the company and not to allow any person to hinder the progress thereof". Clearly the co-operative was to be used to elicit from the workers greater support for the company. This proposed constitution revealed a crude, unitary frame of reference, and provided an opportunity for the convenors and senior management to dominate both the co-operative and the company.

The proposed constitution met with a wave of resistance from the factory floor, and 25 pages of amendments were submitted to a 3 page constitution. The convenors were far from delighted, Jack Spriggs said, "The workers don't realise that company law is the law. Therefore certain aspects of the co-operative were determined by the law, and once this is understood, the formal constitution will be adopted by the workforce more readily". The workers' amendments disappeared, and though the second constitution submitted in June 1975 was a more sophisticated document, in democratic terms it was a serious deterioration, not improvement.

There was a change in the first aim of the co-operative which now read: "The co-operative will act in conjunction with the company so as to provide a vehicle whereby the employees and shareholders of KME will exercise control over the running of the company with a view to making a commercial success...." Later elements in the constitution, were convincing that this was a change in rhetoric not of intent, and that the convenor-directors and senior management would still control the organisation. The ten person executive committee was reduced to a seven person council, meeting every six weeks instead of monthly. The "powers of the council" were effectively negated: the directors were to appoint the general manager; and the company to hire and dismiss employees - powers previously reserved for the executive committee. Before the executive committee was to produce to members of the co-operative a full statement of the company accounts to the co-operative members twice yearly, now the accounts would only be presented at the AGM. Under the earlier constitution it was likely that the convenors and senior management would have got onto the executive committee and thereby controlled the company and co-operative, now with a castrated council serving basically the role of a consultative works council, the convenor-directors and management could afford to ignore it.

Undoubtedly the major problem of democratic representation at KME was caused by the absence of independent trade union representation at the highest level with the merger of the convenors role into that of directoral management. Given that the majority of the convenors time was taken up with commercial business, it was inevitable that union representation should suffer. The convenor-directors showed a capacity to rapidly acquire business acumen, and with some management and consultants' advice, steered the co-operative for four years through extremely difficult market conditions. However time spent on commercial decisions reduced the possibility of adequate representation of union members interests, and

proper consideration of their grievances. Some workers were initially critical of the co-operative idea, for fear of losing their trade union leadership to management, and these fears were largely justified. Other senior stewards were drawn into this system, in both the works council and shop stewards committee. The works council played a nominal role, was never taken seriously, and was soon defunct. The shop stewards committee could potentially have been an arena in which important decisions were negotiated with the convenor-directors, however, with a few explosive exceptions, resistance was normally contained by the convenors. Indeed many of the senior stewards had come to see themselves as representatives of the co-operative and company, rather than of their members. This tendency was confirmed by the promotion of several active stewards into the posts of foreman and superintendent.

Mass meetings of the workforce, which were supposedly the ultimate governing body of the co-operative, were held every few months, but on an irregular basis, and usually in response to some fresh crisis, for which the convenors normally had already a proposed solution. Meetings tended to be of short duration, insufficient information was imparted either before the meetings or during them with which workers could form an independent judgement, and the meetings were normally swayed by the platform, with only sporadic, and often muffled, outbursts of resistance. Shop stewards and workers were reluctant to question or oppose decisions because of the intense loyalty which had been forged in the past by the union organisation when in conflict with management. The convenor-directors readily transferred this loyalty into the co-operative's struggle against the external environment which seemed to constantly threaten. Thus any form of dissent was treated as dangerous disloyalty which risked the survival of the enterprise. Coates and Topham had earlier recognised this problem: "On the workers side,

the development of democratic ideas under capitalism is inseparable from the development of solidarity. Yet this solidarity is not to be interpreted, as it has been on many occasions, as a founding charter for monolithic discipline in socialist factories." (1970,p.439). At KME workers were more informed about the finances and commercial activities of their company than in a conventional company, and discussion frequently took place on almost every subject on the shop floor; however little opportunity existed to translate this discussion into influence on company decisions, or to channel it through the existing decision making structure. Rumour, suspicion and intrigue were as prevalent as on any factory floor, compounded by the consistent commercial insecurity of the company, and the contradictory control structure of the co-operative.

The convenor-directors also were closely involved in the day-to-day management of KME. Originally the possibility of bringing in new senior management was mooted, but after some disagreement with a manager seconded from the Department of Industry, the remaining management of the old company were appointed the senior management of KME by the convenor directors, to the shock of the workforce, who learned the poignancy of Pete Townshend's lyric, 'Meet the new boss.... same as the old boss....' Given the inherited commercial problems of the enterprise, in particular the need to develop and market new products, further engineering, technical and financial and marketing skills were required, without the resources to attract these, or the time and facilities to train existing members of the co-operative in such skills. The occasional advice and assistance of management consultants, whether sympathetic, or hired, was no substitute for the complete involvement of skilled and experienced people necessary to resolve the company's problems. The general manager originally accepted the importance of training the co-operative leaders in management skills, and efforts were made to do this, though the constraint of time spent on urgent business, or essential but routine tasks, was impossible to overcome.

It was accepted that there was little need for an elaborate managerial hierarchy at KME, but the performance of managerial duties by union representatives was partly accountable for this assumption. The general manager in 1975 declared that, "As we proceed with the education programme of the executive committee, in management accounting and so on, they will shape the policies more and more, the executive criticisms will develop their foundation and fact. The autonomy of the different management will gradually come under attrition". However there was to be no education programme; no executive committee; workers criticisms were ignored if possible; and whatever attrition of management powers occurred due to the dominance of the convenor-directors, or alternatively, traditional shop floor resistance. The line management at KME did not absorb the public relations stance of the senior management and persisted with more traditional attitudes and practices, which often caused bitter indignation on the shop floor.

The predominant feeling among shop floor workers at KME was that they were glad to be in employment in Kirkby, an area of over 20% unemployment, which was as high as in the 1930s and one of the employment blackspots of the whole of Europe. The workers were proud that it was a co-operative and quite a famous, if controversial enterprise. However they were deeply disturbed and disillusioned that little in the co-operative seemed to have changed. The initial goodwill and enthusiasm, with the ensuing increase in output and flexibility was broken by the realisation that the division of labour, work intensity, supervision, pay, hours, holidays and other conditions of work were just the same as under a private company. There was initially serious resentment of the retention of foremen: if the workers owned and controlled the factory, why did they need foremen, they asked? Similarly the pressure and arduousness of the work remained in the press shop, welding shop, paint shop and assembly. It was difficult to convince oneself that one was part of a great "social experiment",

if one's previous experience of work was constantly spot-welding hundreds of sharp, dirty metal objects in a hot, dusty, noisy atmosphere, and one's present experience of work was just the same.

The absence of any significant improvement in the conditions of work in the co-operative was initiated with its hasty and ill-equipped establishment, but later largely conditioned by market constraints: the imposed necessity to compete immediately and efficiently with other manufacturers provided little time or money to experiment with arrangements which would give workers greater opportunities to develop their skills. Stewards who wanted to battle these constraints, and have factory seminars in which the shop floor could discover and come to understand the problems that the co-operative faced both commercially and politically, were met with the simple retort, "We can't afford it". Co-operative participation, as far as the majority of the workers were concerned, consisted of attendance at a few short mass meetings at which the convenor-director loudly demanded that they work harder to save the firm. Levels of output, intensity of work, type of product, and wage rates had to be geared to the performance of other companies in the market, and indeed, the level of performance previously achieved at the factory under private ownership, had to be equalled and exceeded. In reaction workers absenteeism and labour turnover were as high as in other engineering factories. Significant improvements in work experience under co-operative production are usually assumed rather than rigorously examined by co-operative advocates: existing economic, organisational and technological constraints are underestimated, and in particular, the capacity of competitive market forces to impose restrictive and debilitating conditions of work is not appreciated. Even the most basic desires of the KME workers - for reasonable pay and secure employment - remained largely unfulfilled. Shopfloor bargaining in the days of private ownership had achieved top rates in the area for the Kirkby workers, and in a notable coup a 35 hour week

had been successfully negotiated with IPD. Though the co-operative retained the 35 hour week, pay was progressively eroded, a process exacerbated by government incomes policies, until the workers were dependent upon excessive overtime to make up a living wage. They hoped that they had escaped the insecurity and irrationality of the past under capitalist enterprise, but they found that they were still confronting similar problems: an unpredictable market; fierce competition, including from overseas; persistent financial difficulties, particularly cash flow and lack of capital for investment. The result of these problems were constant exhortations for greater output, occasionally interspersed with abrupt lay-offs.

The majority of the workers at KME were semi-skilled, and they were given a very limited opportunity in the co-operative to develop their knowledge or skills. A widening gap of information and expertise opened up between the convenor-directors and the semi-skilled workers, from whom they were originally drawn, which was only bridged by the residual loyalty from the struggles of the past, and the aggressive charisma of Jack Spriggs. The control structure at KME, therefore resembled Turner's category of a 'popular bossdom': the convenor-directors were undoubtedly popular, but they were bosses. (1962, p.267). Though the convenor-directors prevented the accession of a new managerial elite at KME, their dominant role inhibited democratic involvement, and encouraged passivity on the part of the rank and file of the co-operative, thus suppressing the understanding and activity which could have been an important means to promote the revival and development of the enterprise. Moreover the convenors deliberately created a well-acknowledged problem of succession, when under pressure, they could threaten to abandon the co-operative to an uncertain future given the lack of training and experience of other co-operative members and their dependence on the convenors leadership.

Many commentators failed to penetrate the public relations shield of KME, and were easily misled by the favourable accounts provided by the tame shop stewards which the convenor-directors called upon for interviews, for example a number of sympathetic reports appeared in the Guardian. But for those who delved deeper the neglect of basic democratic procedures in the co-operative was profoundly disappointing. The cursory conduct of the mass meetings was an affront to the tradition of Citrine's rules of chairmanship in the labour movement: Spriggs would stand alone on the stage at the microphone as chairman and speaker and blast anyone who had the temerity to protest. Minutes of meetings were neither kept nor circulated, and when one steward dared to take minutes of a Shop Stewards Meeting and posted them on the factory noticeboard, they were torn down by Jenkins in anger. When people complained that they were being kept deliberately in ignorance, the standard response of the convenor-directors was that if they imparted sensitive information, then the next day it would appear in the Daily Express or Daily Telegraph: there was an element of truth in this assertion, but it was symptomatic of the lack of trust which pervaded the co-operative. People who asked awkward questions were sent to college, promoted, deported to obscure parts of the factory where they could have no influence, or found that their names were absent from the overtime roster with surprising regularity. The convenor-directors effectively used managerial methods to defeat resistance and ridicule opponents, as one steward explained: "Whenever we tried to do anything on the Shop Stewards Committee, y'know question a decision, or demand something, Jack would turn on us, and call us left-wingers or Trotskyists....Who was Trotsky?"

A thorough survey conducted by two MBA students found: that there was a lack of basic financial information throughout the factory; that there was widespread concern at the dual roles of the convenor-directors; a desire for a proper council; a lack of confidence in the commercial expertise

of top management; disappointment at the lack of representation by the shop stewards; and a general disillusionment with the lack of change and open discussion. They presented clear recommendations to the convenor-directors, (marked "Strictly Confidential"), which called for fuller discussion and information dissemination (with the emphasis on financial information and performance reports); an extended board; proper procedures and records of shop stewards meetings; extensive training; an incentive scheme; observance of disciplinary procedures; greater communication from management; and the development of autonomous work groups. The aim of these proposals was to involve the workers more closely in the running of the company to increase efficiency and discipline. The convenor-directors refused to accept the recommendations and none were implemented; presumably because of the implied reduction in their own powers, though the result was that the confusion and lack of motivation of the past continued. (Chaplin and Cowe, 1978)

This state of affairs at KME was an embarrassment to its supporters, (though some opponents of co-operatives found it reassuring that KME was indistinguishable in many respects from a private company). In one notable analysis, inappropriately titled, "Control in the Democratised Enterprise", Eccles attempts to extricate himself from distressing criticism of the co-operative's autocracy by adopting a strange subjunctive tense: "There was a way out for the convenor-directors. They could try to create..... commitment. They could seek to become heads of a movement in which power and knowledge were widely dispersed throughout the co-operative. This was not to suggest that they would cease to be leaders or that their executive authority would be undermined by appraisal, even opposition from their colleagues... The convenor-directors needed to become the representatives of the workforce, accountable for their stewardship to the knowing co-operators who would also 'own' the problems of running the enterprise" (1979,p.171). Eccles then outlines a number of reforms

including the provision of information; creation of autonomous work groups; and development of the shop stewards committee into the policy making body; and an expanded board; without making it quite clear whether he is describing changes which have taken place in response to a real need for them, or merely proposals for consideration. He concludes: "The extent to which these measures will succeed in diffusing power and responsibility effectively is not yet clear..." It is not surprising that the effect of the measures was not clear, since they were never successfully introduced.

Workers who found it difficult to exert influence through the established formal channels of the co-operative, resorted to traditional means of expressing grievances. There were a number of industrial disputes at KME, several of which led to strike action, though of short duration. Workers were extremely reluctant to damage the good name of the co-operative, and this inhibited outbreaks of industrial conflict which might otherwise have occurred, and reduced the intensity of those strikes which did take place. However resort to union militancy indicates the inadequacy of the democratic control structures at KME and reveals the importance of the retention of some form of independent shop floor organisation to defend workers rights, even where there is, ostensibly at least, a formal system of workers control. To an extent the disputes at KME reflected sectional grievances which the majority were unable to resolve; but strong criticism was levelled at the contradictory position of those in controlling positions in the co-operative. Though the convenors were instrumental in bringing the disputes to early settlements, in their dual roles as representatives of the union and of management they were severely compromised.

The first serious dispute at KME proved to be the most intractable, and illustrated the complexity of handling the disputes which followed. In 1975 about twenty setters were asked to accept mobility from the press shop to the radiator shop, under the mobility agreement of the old company. The setters had been semi-skilled but were made up to factory skilled status and pay some years before. They refused what they saw as permanent demotion to semi-skilled work, and offered to accept work sharing or a temporary lay off till more work arrived. Many workers were furious at the elitism of the setters, who were refusing to work alongside them, even for higher pay; however a general meeting tolerantly agreed to the setters request. The next day a row broke out in the shop stewards committee about the precedent of bowing to anti-cooperative impulses among the workers when labour was needed elsewhere, and the setters request for a lay-off was refused. The setters began a sit-in, which lasted a week, and resulted in seven of them being sacked, supposedly for misconduct, but on a last in, first out, basis. The seven setters appealed to an industrial tribunal pleading unfair dismissal, but their star witness from the company was promoted, and refused to appear in their defence. Other disputes revealed similar structural problems in the co-operative: sectional grievances particularly among skilled workers who felt the co-operative was a great threat to their position; the refusal to accept mobility, partly because of the arbitrary way in which it was handled; the absence of an effective grievance procedure or any clear lines of authority; the unpredictability and reversibility of decisions by the convenor-directors. In this context the convenor-directors responded to each sectional grievance by making particular concessions, which alleviated the immediate problem, but compounded the structural malaise.

The kind of restructuring of work organisation necessary to alleviate the worst problems of exhaustion, repetition and frustration, was difficult in a co-operative in competition with other manufacturers, but in any case, was never attempted. Understandably work effort rapidly fell away from the euphoric heights it initially achieved: people completed their 'scores' (under measured day work) and then downed tools, and waited for overtime to arrive before they started up again. This practice meant that the kind of increase in output necessarily for viability was only achieved during brief periods in response to desperate appeals and promises, though productivity fell off rapidly when promises were found to be empty. One incentive scheme proposed by management consultants was rejected at a stormy mass meeting as inequitable, and one dramatic increase in output in the radiator shop after a few months collapsed in recrimination when the additional payment the workers thought they had been promised failed to arrive. Towards the end, in 1978, the problem of the 'scores' proved critical, customers were eager for the radiators and advance orders approached £2 million, though as a worker explained: "We could sell every radiator we could make, but we just couldn't make enough of them. The problem was the scores. The men in the radiator shop would just finish their scores and then stop.... But there was nothing Jack could do about it. He had negotiated the scores for the shop floor when he was working on the radiators at Fisher Bendix. We'd had the scores for years." The antipathy of suppliers, who associated the co-operative unfairly with the bankruptcy of the previous private company, and who were resentful of the co-operative status of the present company, contributed seriously to commercial difficulties.

"We kept running out of stuff because we didn't have the money to pay right away. Customers were begging for 30" radiators off us, and we were having to make 12" ones, which

weren't very popular, because we didn't have the right length steel. The British Steel Corporation wanted the money off us, before they would let us have any more. It was the same with the oil ... and the glass."

Labouring under these problems KME was never profitable for any length of time, despite the eternal optimism and deft euphemisms employed in public relations exercises. From the start KME experienced a continual financial crisis: of the £3.9 million grant, £1.8 million went to the receiver for the factory lease, plant and stocks (an inflated figure partly caused by unhelpful attitude of the DoI); £1.2 million was needed as working capital (£100,000 of which had to be paid as a deposit to International Property Development as a deposit on the lease of the factory which they still owned); this left only £900,000 to cover the deficit on the first year of operation, together with the cost of any new capital equipment or product development. In fact, in the first 15 months of trading a net loss of £1.5 million was recorded on a turnover of £6.5 million. In 1976-77 there was a net loss of £380,000 on a turnover of £7.1 million, though during this period KME received £680,000 in temporary employment subsidy from the government. Because of the critical underfunding of the project, the concern of the DoI that they had taken on board a "permanent pensioner" proved a self-fulfilling prophecy. In 1977 another £860,000 grant was necessary to enable the co-operative to continue trading, which was only secured because the government could not risk another controversy at the time of the sensitive devolution debate. No AGM was held in April 1978, to the workers distress, and by September 1978 it became clear that the co-operative was again at the edge of a financial precipice.

With the Department of Industry making threatening noises in the background, a team from PA management consultants were called in during the winter of 1977/78. The consultants maintained that KME

could become profitable by increasing its 10% share in the central heating radiator market which was then expanding, but recommended immediate closure of the unprofitable night storage heater and orange juice lines with the accompanying redundancies. But the orthodox strictures of management science contradicted the fundamental philosophy of the co-operative to maintain employment. The irony did not escape the workers, "We sat-in to stop production lines being taken out, and now we're selling them ourselves. The fitters were worried when they were dismantling the lines, they were not sure they should be doing it." The workers pointedly refused to accept "paid sackings" which meant that, "when the orange juice line closed, the women were kept on, but there was no work for them. Knitting clubs started. They shouldn't have got rid of the product till they got something to replace it. Now they can say the workers have got to go because there's no work for them". In desperation, the KME convenor-directors approached the DoI in September 1978 with the plan to restore profitability prepared by PA, and a request for a further £2.9 million over three years. The Department refused and attempted to manoeuvre the co-operative into a takeover by a private company, Stelrad, a subsidiary of Metal Box, which already had a majority share of the radiator market. Stelrad refused to discuss a takeover of the co-operative, but insisted that KME go into receivership, to facilitate 500 redundancies, making it clear that Stelrad was primarily interested in KME's 10% share of the radiator market. A mass meeting of the co-operative overwhelmingly rejected liquidation, (though as a worker later laconically remarked, "You can't reject liquidation. They put you into liquidation").

Alan Williams, a junior minister at Eric Varley's DoI, justified the decision to refuse further assistance to KME in the House of Commons: "Even if KME succeeded on the £2.9 million, it would make only a

minute surplus, if any surplus at all.... Even if that surplus were earned it would not be adequate to provide for future capital equipment and product development". No clearer indication could be given of the rejection of the social considerations which had prompted the original DoI intervention, as the New Statesman scathingly commented:

"The statement shows just how far away the government is from any idea of a socialist system of accounting.

Throughout the history of the co-op the government and its advisers have judged KME's prospects by applying a normal capitalist criteria of profits. There has been no systematic attempt to establish what sort of trading loss might be acceptable, given the cost of making more unemployed in an area of high unemployment, the danger of a sharp increase in imports following the closure of the factory, and the loss to the local council of rate-income if the factory was closed. It would almost certainly cost the government less money to finance KME's capital spending and product development than to allow the factory to close, but at the moment that is not how the government does its sums." (5 January 1979).

The logic of fighting redundancies previously displayed at the Kirkby factory had impressed many people, as a local GEC worker put it "They say KME is a failure. But KME kept 750 jobs for four years. This fella Arnie Weinstock, he had 15,000 employed in GEC on Merseyside ten years ago. And now the factories are empty shells and standing idle, and there's 2,500 employed. And you read about the enormous profits he's making. What a big success he is. Well if that's capitalism, I'd rather have the co-operative. They started out with 750 jobs and they kept them." In fact an employment holocaust had it Merseyside by 1978 with unemployment at 11.7%: 88,000 people, 52,000

of whom were young people. By 1979 unemployment had risen to 12.3%, 100,000 people officially out of work, and with redundancies on Merseyside running at over 12,500 each year, the prospects were becoming progressively bleaker. As one optimistic TGWU official maintained in an ironic slip, "For every door that shuts, another one closes." (MSRG, 1980, pp.9-26). Kirkby was the epicentre of the holocaust with 20% unemployed. Tower Hill, a council estate adjacent to KME, was believed to have 50% unemployment, which must have been one of the worst levels of the industrial world. One local councillor insisted, "Kirkby is a disaster area and KME was just a palliative. We needed general employment measures for Kirkby, not assistance to just one factory." The banner headlines of the Liverpool Echo had become a painful catalogue of corporate aggression: in just one typical week in November 1978 there was, "BL Ready to Sack Speke Men"; "Axe Looming for Kirkby Worker Co-op"; "Dunlop: 2,400 to be Sacked." (On the same day as the Dunlop redundancies were announced, the other headline was that Edmund Dell, the Trade Secretary, and Merseyside's only Cabinet Minister, was resigning from Parliament to become a director of the Guinness Peat merchant bank).

Appreciating the necessity to defuse the KME crisis, (dangerously close to the Labour Party's 1978 annual conference) and add a veneer of legitimacy to the effort to push KME back under private ownership, the DoI arranged a working party to explore possible alternatives, with the Department covering running losses in the meantime, which amounted to some £200,000 over three months. A critical factor which influenced the inquiry, was the extent of the determination of the KME workers to resist a private takeover and the ensuing redundancies. Though the shopfloor had rejected liquidation, the workers were demoralised and divided. During the years of the co-operative, trade union organisation had been gradually run down: "There's no union in that place,

you pay your sub and you have a card, but there's no union I said to Jack Spriggs, 'I want a shop steward', he said 'I'm your shop steward'. But he's my director and manager as well. That's wrong". He had succumbed to the systematic pressures which constantly threaten every trade union leader, particularly upon assuming corporate responsibilities, "Jack doesn't realise that it was us that put him there where he is. He thinks he did it himself. But it was the shop floor organisation and strength. He's on his own now, he's got nothing standing behind him." Even the KME workers connections with wider union organisation externally had been allowed to wither: relations with local union branches were not good due to the dubious practices at KME, and local full-time officials regarded representation and conditions generally in the organisation very sceptically. Eddie Roberts, the celebrated TGWU full-timer (ex-Fords) had some stand-up rows with the convenor-directors.

Most acutely the convenor-directors had come to accept the capitalist commercial criteria liberally proffered by the co-operatives many advisers, which insisted that production lines be torn out and that the factory was overmanned, as one commented to the press, 'The thing is we know we have too many workers, but it is hard to decide which of the people who helped form the co-operative will go'. (Such attitudes endeared the co-operative to the Tory County Council who supported KME's application for more funds). Both in the submission to the Department and to the working party, the co-operative leaders accepted the rationality of large scale redundancies, which gravely undermined the defence of KME jobs. Similarly the shop floor workers were badly compromised:

"The shop floor is still hoping it won't happen. Hoping it won't happen to them. Y'know, that it's not going to be wall to wall redundancy. A few hundred out, but not them. It's like everywhere they accept redundancy -

it's going to be someone else that's made redundant, but not them. And then it happens to them, and they don't know what's hit them. It wasn't like that at Fisher Bendix though. We fought against redundancy and we destroyed those attitudes. We were all fighting together". To the few young activists who were still eager to try to resist the closure of the co-operative, Jack declared, "Don't cause trouble unless you have an alternative. The bank is ready to foreclose. So could BSC. The government could stop funding the losses and we would fold immediately. What can we do? This is the only alternative."

The working party, composed of professional men, and led by Professor Douglas Hague of the Manchester Business School, (who later emerged in the 1979 general election as a chief economic adviser of Margaret Thatcher), recommended that KME be taken over by a small private company Worcester Engineering with the loss of 260 jobs. The report of the inquiry stated, "The problem which the DoI has continually faced with KME is that ... KME has lacked decisive management. Unpleasant decisions have been postponed; forecasts have not been achieved. As a result, management has lost credibility ... KME can survive. A strong market oriented management with a good record in production could succeed." When Professor Hague was asked on Radio Four, "Does this mean the return of the bosses?", he replied, "The lesson is you can't even run a workers co-operative without management. If you want to call them bosses you can". Later he contributed on BBC1 Nationwide: "Management is a very professional activity. You need to be trained in it. Workers are good at making things. But they may not know the right product for the market... We've tried various solutions. We felt that the DoI was not the right

body, since the co-operative needed closer supervision and monitoring. The money was needed quickly. We weren't able to persuade the NEB to help. Worcester Engineering was the next best thing. The problem with the co-operative was that it spent too much time producing, and not enough thought on what it was producing and why, Marketing is the key to a successful company." Hence the co-operative, with a turnover of £8 million, was to be taken over by a company with a turnover of £2.6 million, because of the management expertise the smaller company could supposedly provide. The co-operative had been denied assistance of £2.9 million, but the DoI was prepared to provide Worcester Engineering with £4.3 million in loans and grants. Furthermore the company could raise an additional £4 million from the banks who had refused any further assistance to KME. The minister, Eric Varley, reminded the co-operative members that they had agreed to abide by the recommendations of the inquiry. But the working party had approached the NEB several times to request that it take over KME, and Varley refused to direct the NEB to comply. As Bob Cryer, who resigned as junior industry minister over the affair declared in the Commons debate, "Failure to support KME... represents an ideological victory for those civil servants who believe purely in the profit motive."

Exploratory negotiations were held between Worcester Engineering and KME, and Cyril Duckworth the managing director of WE, was particularly keen to meet the union stewards who took some satisfaction in offering him a lively reception at the factory. However negotiations broke down irretrievably over the IDAB's insistence that Stelrad take a 20% share in WE, disagreements over who should benefit from the large tax losses in KME, and the position of the convenor-directors who WE wanted out, and who the DoI were prepared to shunt to some remote quango. Duckworth had the impression that the convenor-directors were only going through the formality of negotiation, before submitting a final bid for

aid to the DoI in January 1979, supported by PA's readiness to take up management of the company. A final refusal from the DoI left the convenor-directors attempting to stave off imminent bankruptcy, while appealing to financiers and private businessmen to rescue KME on any terms. Finally at a confused EGM on 27 March 1979 they put forward a resolution that a liquidator be appointed which was accepted, announcing vague and conflicting possibilities of a future takeover deal. An angry steward explained, "The people have been eased out the gates. Jack and the liquidator's statements about the imminent possibility of a 'consortium' taking over have all been designed to get people out the gates, without wrecking the place, and without any redundancy money."

The commercial failure of the co-operative, should not be dismissed simplistically as proof of the economic inefficiency of workers control for many reasons. One of them being that the workers at KME never had control. If a private company had taken over the factory, it would have represented the 'return of the bosses', but only in a sharper and more immediate form. For the truth was that they never really went away: market imperatives, government officials, bankers, suppliers, and management consultants, always dictated to the co-operative through the medium of the convenor directors. The resulting experience for the co-operative workers involved the decline of a strong, cohesive union organisation, composed of workers with a pride in their factory and their skills, to be replaced by disorganised, dispirited individuals. In the event most of the KME machinery was auctioned in June 1979, before the potential saviour the convenor-directors had promised arrived in the shape of a Californian scrap machinery dealer Joe Epstein who took over the lease of the factory and paid a deposit on the presses. Acknowledging their true role, Epstein kept on the convenor-directors as his agents, whilst they also represented the interests of the landlords

International Property Development. Meanwhile the shop stewards who had continued to hold meetings with the convenor-directors after the closure drifted away in disillusionment and began the search for work, which for many of their colleagues had simply resulted in a place among the long-term unemployed. A year later, in the summer of 1980 the enormous KME factory was still deserted and idle, like many others on the Kirkby industrial estate.

Postscript: Under New Management ?

Tony Eccles account of the KME saga, Under New Management, Pan, 1981, represents the most detailed and informed assessment to emerge by someone who was actively involved in the attempt to manage and sustain the co-operative. The factual analysis contained in the work is authoritative and accurate, and most of the judgements are quite fair. However both some of the underlying assumptions and the broad conclusions to emerge from the work may be contested. It would be helpful to consider the views put forward in the final theoretical chapter of the book, "Refutations, Judgements and Conclusions," beginning with a series of major 'fallacies' concerning the co-operative.

The first central 'fallacy' Eccles considers is the belief that, "It wasn't a real co-operative. That's why it failed and that's why we can ignore it." (p351) Whilst some of the absurder views of co-operative purists may be rejected, that given a true co-operative structure, democratic participation would automatically follow,

yet to seek to defend the KME structure is implausible. Eccles contends that it would be too easy to place the blame solely upon the convenor-directors Spriggs and Jenkins, and that without their "relentless, politically embarrassing tenacity", KME would never have happened. Furthermore he maintains that, "There is nothing inherently undemocratic about KME's equal voting rights leading to control by an autocratic elite. People sometimes voluntarily choose strong leadership and centralised authority. The convenors dominance was repeatedly legitimised in votes and elections...the co-operators didn't have to remain disorganised and ignorant of the business position..." (pp352-3)

There certainly was an autocratic elite at KME but whether the workers voluntarily chose this may be disputed. (Most autocratic elites succeed in cloaking their rule with some semblance of legitimacy, however manipulatory and unconvincing). What regrettably occurred at KME was that two oligarchical union leaders of a body of predominantly semi-skilled manual workers suddenly had their power dramatically enhanced when control of the KME co-operative and business was bestowed upon them by Benn and the DoI. (Benn seemed not to be aware in his pursuit of democratic change that bureaucracy begins on the shop floor). Subsequently the convenor-directors retained their power by reducing the few democratic formalities of the union and co-operative structures to a mere charade: by repeatedly calling upon the personal loyalty and commitment they had secured for themselves in past struggles; by monopolising information, contacts, and expertise and excluding worker involvement from decision making; and finally by remaining essentially benevolent dictators. (The basis of their power was so precarious that they were precluded from making deeply unpopular decisions even if they had wanted to). Eccles is nearer to the truth when he states, "the leaders were accidental autocrats who used democratic systems in the quest for power." That this situation arose and continued for the five years of the co-operative's existence is a sad reflection on the

democratic awareness and impulses of the Labour Government and the trade union movement. (Indeed it was management consultants' reports that consistently stressed the lack of democratic involvement in KME and the need for radical change in the organizational structure). However, in the last analysis, the failure of the few rank and file revolts that took place at KME to make any permanent impression upon the power structure, reveals the incapacity of workers untrained in democratic procedures to deploy them effectively rather than resorting to more traditional, negative, methods of resistance.

Most of the other 'fallacies' Eccles refers to concern the business performance of the co-operative in one way or another: KME was underfunded and sabotaged from London; no matter what they had done towards business efficiency they would still have been killed off; there wasn't a business there and so KME shouldn't have received backing because it was bound to fail; KME wasn't worth supporting because the co-operators didn't put any money into it; we could not interfere, it was an experiment (DoI); workers cannot manage and KME's failure proves it; only liberate workers from their shackles and tremendous progress will occur. In turn, Eccles rejects each of these views, however the kernel of his argument, underlying the analysis presented throughout the book is that though the commercial prospects for the co-operative were reasonable, the systematic failure to take essential management decisions in response to the market, determined the continual losses sustained by the co-operative. This failure was due to the obduracy of the convenor-directors, the weakness of the KME management, the incapacity of the stewards to grasp the fundamental commercial problems or solutions, and the refusal of the workforce to accept any commercial responsibility whatsoever. "The KME story illustrates the difficulties of inducing workers to accept heavier loads of responsibility even when self-interest would seem to be an important driving force." (pp 361-2)

Eccles' solutions to the commercial dilemmas of KME were the orthodox, market determined ones of 200 redundancies on the orange juice line; improved productivity and demanning on other production lines; improved financial controls; and increased prices. If KME had been a conventional company then it is likely that efficient adoption of these policies would have brought commercial viability. However this ignores the unique history, organization, and political ideals of KME. Founded as a monument to the fight against mass redundancy, it was too much to expect the convenor-directors to impose it themselves (though in the end they agreed it should be imposed by the DoI): it would have stretched the residual loyalty towards them amongst the workforce to breaking point. Equally speed up and demanning on what were already arduous lines was fiercely resisted by the shopfloor. The irony was the democratic shortcomings of KME dictated the incapacity to tackle the companies commercial difficulties. In the absence of any realistic opportunity for positive participation the shopfloor unions resorted to traditional defensive practices. If the effort had been made to fully involve shopfloor workers in knowledge of the business and decision making then it is possible that clock watching and card schools could have been replaced by a more sustained commitment to output.

As for Eccles' general conclusions and recommendations concerning industrial democracy and workers co-operatives: KME certainly represents a catalogue of things to avoid in any further efforts in this direction, but whether any positive lessons can be learned from the KME debacle is open to doubt. Eccles states: "Putting together the problem of this antipathy towards acquiring management skills, the insistence on a single channel of representation, and the limited inter-union integration at the workplace, we have a huge obstacle to the progress of workers' control. Indeed, I now see these long-standing

policies of the TUC and the Labour Party as major impediments to the growth of workers co-operatives - or perhaps even to any serious attempt to democratise work. There needs to be a different way of reconciling the twin needs for employees to have business competence and also good representation." (p401)

What Eccles fails to understand is that there is antipathy in the union movement not towards management skills as such, but market-determined conventional management rationality. ("...Unions have set their faces against the acquisition of business skills in case their members might become more more sympathetic to management's case."(!)) He prefers to treat management as a strictly technical function - finding the most rational solution to resource problems within the constraints of an unpredictable environment. On the contrary, it could be argued a commitment to industrial democracy involves questioning the assumptions of orthodox management and exerting some form of strategic control on the market environment. As for the insistence on a single channel of representation, this represents an awareness that if industrial democracy schemes are intended as a means of extending workers influence, rather than dividing it, representation must be through the union movement. Eccles belief that "the requirement is for a separation between the workers role in promoting the overall health of the business enterprise and the mechanism by which collective bargaining intersects with the management of the enterprise," without further structural changes in the direction of public ownership and a socialised, planned economy, sounds rather like the German system of co-determination, and a mechanism for undermining workers direct influence rather than extending it.

Meriden Motorcycle Co-operative

The most distinguishing feature of the Triumph Meriden workers co-operative was that it was primarily a result, not of a desire to create a co-operative, nor a demand for the right to work, but simply a demand to build motorcycles at Meriden. At the time of the closure in September 1973, many of the Triumph workers could have continued with their trades in the local car industry, if they had been prepared to endure the indignities of redundancy. (Though as the factory occupation and negotiations dragged on through 1974 and 1975, the employment stability of Coventry was seriously disturbed, particularly by the Chrysler and Alfred Herbert redundancies). It was not difficult to find out what was special about Triumph Meriden which made the workers determined, and able, to keep it open: firstly, the peculiar fascination of the product: the workers identified closely with the tradition of the production of an internationally famous motorcycle; the lasting attraction of the motorcycle is difficult to overestimate, its beauty and excitement, combined with an inexpensive practicality. Secondly the Meriden factory was in an unusually pleasant rural setting, close to village communities in Warwickshire, and some distance away from the industrial bustle and overcrowding of Coventry and Birmingham. An active and resilient shop floor trade union organization had been built up at the factory, possessing experience of disputes and negotiation with obdurate through frequently ineffective management. Finally the Meriden workers could call upon the extensive resources of the trade union organisations of the Coventry engineering industry.

Though they had been very anxious about the state of the industry for some years, the announcement of closure of Triumph Meriden came as a great shock to the workers there. The previous employers, BSA Triumph had commissioned a consultancy report prepared by accountants,

which maintained their production should be centred on Meriden; (a previous report, however, prepared by engineers maintained that production should be based at the Small Heath factory). However after three consecutive years of losses amounting to over £12 million, BSA were in danger of financial collapse, when a government sponsored merger with Norton Villiers - who at that time were breaking even - took place. With £4.8 million government aid, Norton Villiers Triumph (NVT) set about the daunting task of restructuring the failing motorcycle industry: as the managing director of Norton Villiers saw it "an opportunity to grow bigger with government backing". (Business Administration, November 1975). The Conservative government assistance was the first use of Section 8 of the 1972 Industry Act designed to promote an industry in the national interest when adequate funds could not be obtained from the private sector: previous government intervention had been under Section 7 of the act, to preserve employment in development areas. Ironically an explicit intention of the NVT assistance was to close one of the two existing BSA Triumph motorcycle factories with the loss of jobs resulting. Norton Villiers were concerned about the political consequences of this act, but the DTI was sanguine, since the factory was in an area of labour scarcity. As indicated in the revealing NVT Historical Summary (1974) of the affair NV suggested that it might be easier if BSA Triumph were put into receivership, and then NVT could emerge as saviour of one of the factories, rather than vindictively closing a factory that was still in operation. The purely market consideration of preserving the continuity of business led to the merger decision. The NVT report acidly commented, "Later events proved this decision a mistake since, in the absence of an actual receiver, it was too easy for the Meriden lobby to cast doubt on the fact that the business had failed and question the need for the closure decision." (1974, p.4).

Prior to the closure, Meriden had experienced serious production problems due to technical difficulties with the cycle frame, irregularity of supplies and finance, and management by threats and exhortation. However lay-offs did not occur, as there was a union agreement that waiting time should be paid at average piecework earnings, if production loss was due to management error. Meriden workers believed that this militancy was instrumental in the closure decision, since at Small Heath wages were lower and the labour force more docile. Dennis Poore, the chairman of NVT, later claimed in exasperation: "The bad labour record at Meriden was sort of only incidental Although I must say the record was absolutely terrible - I have never seen the sort of general practices which had been built up in the place. I mean, the full bonus was paid, whether they'd produced anything or not. Because they always managed to prove that it was the management's fault. People would get a full bonus week, which was £58-£59, back in 1972-73, even if they'd produced nothing." After the merger in July 1973 the new management were met by a three week strike, though in retrospect, Meriden workers believed that the NVT management were happy to exploit the conflict that existed, as a justification for closing Meriden and moving production to BSA Small Heath. The abruptness with which Dennis Poore announced the closure of Meriden, pausing briefly on his way down to London, and the lack of concern he exhibited for the loss of the livelihoods of all the 1,750 workers, provoked intense anger. The workers knew that the factory had a large order book, and they were sure that, with more careful management, Triumph motorcycles could be restored to their earlier pre-eminence. A blockage on the movement of all motorcycles and parts from the factory was imposed, and the NVT senior management were kept out. When this resulted in an announcement of immediate closure the work-in became a sit-in. Within a month the idea of the

co-operative emerged from talks between Bill Lapworth, the Coventry District Secretary of the TGWU, and Leslie Huckfield, the Labour MP for Nuneaton. The workers readily agreed to the co-operative plan when it was put to them as a way out of the impasse: they had witnessed the rapid decline of the British motorcycle industry, almost consciously run down by an uncaring or incompetent management, and found it difficult to imagine that they could not do better.

The Destruction of the British Motorcycle Industry

As the shattering report of the Boston Consulting Group (BCG) Strategy Alternatives for the British Motorcycle Industry (1975) revealed, the British motorcycle industry, once by far the largest in the world, had been virtually destroyed: in 1974-75, sales of Honda, the biggest competitor, were 2 million units; sales of the British industry were approximately twenty thousand. The Boston report was quite clear on the cause of this disaster: "The loss of market share by the British motorcycle industry over the last fifteen years resulted from a concern for short term profitability." Management gave priority to dividend payments over capital investment for the sake of company share value. Norton Villiers and BSA Triumph spent too little even to replace fixed assets, and had been running down working capital, keeping stocks to a minimum. Geoffrey Robinson, who became the managing director of the Meriden co-operative declared, "Blindness, selfishness, and incompetence of management - the venal aspect of management - caused the decline of the British motorcycle industry. Dockers era (the ex-chairman of BSA) was one of complacency, feebleness and gross incompetence. There were racial overtones too, in the belief the Japs could not compete with British products". The only reason why BSA and NV were able to record the profits of the 1960s was that they were arrived at without setting

aside funds for replacing a substantial part of their plant. Eighty per cent of NVT's equipment liquidated in 1975 was over 15 years old, and sixty per cent of the equipment was more than 20 years old. It was general purpose, labour intensive manufacturing plant, much of which was obsolete; and Meriden acquired, at some cost, similar outdated equipment. The capital investment of NV during 1966-73 was negligible, and except for a brief effort at recovery in 1971, was as low as BSA Triumph. The net fixed investment per man of the British industry was little more than 1/5th that of the Japanese industry: £1,300 compared to £5,000. The Boston study sombrely concluded: "The British motorcycle industry has three rather antiquated factories in the Midlands. Investment has been low for many years and the equipment in the factories is old and mostly general purpose in nature. As a result it is difficult to maintain product reliability and impossible to use modern, high volume, highly automated, low cost methods." (1975, Appendices, p.211).

The Boston report maintained that: "The motorcycle industry is exhibiting the classic effects of differences in growth, volume and investment on the relative cost effectiveness of the competitors." (p.xiii). These differences were based on two fundamentally distinct manufacturing and marketing policies. The British approach was to concentrate on earning a profit from existing business and facilities of the companies, rather than on the long term strength of the industry. A proliferation of motorcycle models, engines, components, production methods and factories were allowed to continue without any significant attempt at integration or standardization, until they became unprofitable, and were quietly extinguished. Under competitive pressure this led to a focus on high cost, high margin business regardless of volume or market share. In contrast the Japanese policy was based on the concept that high volumes per model provided the

potential for high productivity, which was realised by using capital intensive and highly automated techniques. Factories specialised by models and components and function, together with designs suitable for high volume production, permitted the reduction of production costs. Low costs allowed low prices for their products, and the pursuit of a larger market share. "It is therefore clear that the result of the British industry's historic focus on high short term profitability has been low profits and now losses in the long term. The long term result of the Japanese industry's historic focus on market share and volume, often at the expense of short term profitability has been the precise opposite: high and secure profitability." (BCG, 1975, p.xv). Another classic process had occurred to which the Boston group, understandably, do not refer - the concentration, centralization and monopolisation of the motorcycle industry.

From a commanding position of holding a majority share of both the domestic market and the world market as recently as the mid-1950s, as these markets grew extremely rapidly by as much as 20 per cent per annum, British manufacturers suffered a catastrophic loss of market share: in 1968 British bikes still had 11% of the huge US market, by 1974 it was 1%; in the domestic market they had 34% in 1968 and 3% in 1974. (BCG, 1975, p.5). While the Japanese and other foreign manufacturers progressively developed production volumes and experience in higher displacement classes of motorcycles, the British management response was to withdraw and shut down production: first of their lightweight 100cc and 175cc bikes, then the medium 250cc and 350cc, then the large 500cc and 650cc, until isolated in the low volume, high premium 750cc superbike range. Management failed to secure the finance necessary for improved production technology, to develop new models, or to promote production efficiency or marketing expertise.

The advantage of the Japanese, moreover, was based on higher productivity, not lower labour costs: "Japanese labour costs have exceeded those in British factories for a number of years and have consistently risen more rapidly on trend" (BCG, 1975, p.xiv). In 1973-74 Honda paid £100 per month more than the average wage in the British industry. Similarly, expanding volume enabled the Japanese industry to avoid any redundancies despite constant increases in capital intensity; in contrast the highly labour intensive British industry was confronted with repeated redundancies as relative costs escalated and profitability collapsed. BSA Triumph attempted a slightly pathetic revival in 1971 when to a publicity fanfare 13 new models were announced, none of which were to go into production due to a cash crisis; they completely missed the US summer sales season, and of 4,500 workers at BSA Small Heath, 3,000 were made redundant. Having failed to close Meriden, a desperate restructuring attempted by NVT in 1973-74 proved far too little and too late. Commissioned by the Department of Industry to evaluate commercial strategies for the industry, the Boston group produced three: a low volume, high premium strategy costing £15 million; a medium volume, low premium strategy costing £38 million, and a high volume, low premium strategy costing £51 million. They were not confident about any of these alternatives though, and emphasised the bleak prospects of the industry:

"The possible courses of action now open to the industry are few. The low volume alternative offers the industry a future on a reduced scale, with low profits and limited prospects. The high and medium volume alternatives recognise that long term commercial viability depends on retrieving the industry's competitive cost position, and represent the most commercially feasible means of doing so. The gap to be made up is now so wide, however, that both these alternatives involve very considerable expenditure and risk..... It is most unlikely that private capital to fund the necessary investment would be forthcoming given these prospects. (1975, p.xxiv)".

Eric Varley, the new Secretary of State for Industry, exercising similar commercial prudence, decided on no strategy for the industry at all: he refused further government assistance, which prompted the collapse of NVT in late 1975, having swallowed £4.8 million provided by the Conservative Minister for Industrial Development, without having notably contributed to employment or production in the industry.

The Struggle to Survive.

In these profoundly inhospitable market conditions the marathon struggle to establish the Triumph co-operative took place from September 1973 to March 1975. The picket began on a nine shift system in November, seven days a week, 24 hours a day, through two cold winters. About 700 workers joined the picket originally, and 120 survived to the end. Some workers left to take other jobs, but were keep to return to Triumph when production resumed; some pickets took part-time jobs to keep them going; but a lot of people spent the whole of their savings in the fight to establish the co-operative. The pickets huddled around their brazier became part of the mythology of the local labour movement, and the righteousness of their cause was emphasized by frequent public events including a religious service and a children's party in the factory canteen at Christmas. Dennis Poore was immensely piqued at the public support the sit-in attracted, and at the criticism directed at NVT:

"The greatest news appeal was undoubtedly the glamour of a workers co-operative and its large scale defying of authority and the establishment, particularly with the added spice of government investment. The pickets succeeded in getting several television programmes and feature stories emphasising their dedication to motorcycle manufacture and glorifying the machines which they made. If the previous history of losses and industrial militancy were omitted, it was possible to make a convincing picture of an apparently undesirable capitalistic effort to destroy a thriving industry with a band of unusually loyal and enthusiastic workers." (NVT, 1974, p.12).

What particularly distressed Poore, in a fascinating insight into

corporate values, was how the public seemed to accept the pickets argument that they were seeking to defend an important industry from being short sightedly dismantled:

"No great experience of business management was required to appreciate the argument that, with a given volume of work spread between two factories, a concentration into one of them saving the overheads of the other would be beneficial. The majority of people had not been trained to appreciate this logic automatically, and the commercial arguments were lost in the overall excitement. As a result, NVT appeared continually on the defensive." (NVT, 1974, p.13).

Poore was so upset because the workers were blockading 2,650 motorcycles, with a market value of several millions, and production tools and other components for the Triumph Trident; which meant that NVT was short of finance and unable to start the planned manufacture of Tridents at Small Heath.

The principal reason why the negotiations to set up the co-operative were so protracted were the obstructive tactics adopted by NVT which led to indefinite delays. The workers believed that Poore was simply attempting to exhaust their efforts so that he could reclaim the Meriden assets intact. Geoffrey Robinson, used to difficult commercial negotiations, insisted the Meriden negotiations involved the greatest legal complexity and technicality he had ever witnessed. At first the company refused to negotiate the sale of Meriden while the workers were in occupation, but agreed to the suggestion of the Conservative Minister Christopher Chataway that NVT buy the bikes made at Meriden until July 1974, when the co-operative could have an option to buy the factory. However NVT delayed agreeing a price for the bikes, and then in January 1974 reneged on the agreement, maintaining that it no longer had the necessary funds and offered to sell the Meriden factory to the co-operative. During this time Poore seemed to prefer recourse to legal action to evict the pickets, but strangely, was held in check by the Conservative government: "The company was surprised to learn that the Minister.

was adamant that there should be no recourse to the law and that he, the Minister, would see what he could do. It appeared later that he had been under considerable pressure from the Department of Employment not to allow the use of any force at Meriden and had been told that the pickets would be able to mass up to 5,000 supporters from other factories in Coventry who would arrive on the site in coaches within the hour if there were any signs of the use of police ! " (NVT, 1974,p.14). Regardless of whether there was any truth in this, it was clear that the experience at Saltley gates during the 1972 miners strike, and the consequences of the jailing of the Pentonville dockers, had certainly rattled the government, and discredited any use of the law in critical industrial disputes. The reluctance of the government to risk escalating the dispute, despite Poore's repeated pleas to go ahead with a legal injunction, was emphasised by the fact that many of the negotiations between NVT and the co-operative advisers were conducted in candlelight at the DTI during the three day week called because of the second miners strike in 1974.

Another reason negotiations were difficult, was that any commercial dispute between the two parties was immensely compounded by the political conflict that existed between them: Poore had never conducted an important commercial transaction with trade unionists before, nor had they bought a factory. This tension gave rise to some explosive moments. At one point in the negotiations Geoffrey Robinson, acting for the co-operative, had agreed to a release of the bikes held at Meriden to entice Poore into an early settlement. Bill Lapworth, arriving late at the meeting, sensed that once he had the bikes, Poore would become even more obdurate, so rejected outright the proposal, as he explained: "I don't say I solemnly sat down and thought I've got to reject that - really it was just a natural reaction. Poore swore for the first time in our

presence - 'If anybody is going to fuck it up, I will'. I just hit him with, 'well, you'll have to be quick, 'cos I'm doing my best !' Sometimes you have to go in with both feet, just to upset the meeting, to get the ball back again....." The election of a Labour government in February 1974 brought the possibility of state aid for the co-operative, but the selling price of NVT began to rise. Poore was prepared to sell the assets of Meriden for between £2 million and £7 million, depending on what the co-operative required. Six months before, Manganese Bronze Holdings, the parent company of NVT had received a government grant of £4.8 million, and paid only £3.6 million for the two motorcycle factories of BSA Triumph. Small Heath was three times bigger than Meriden, so it could be argued MBH had paid less than £1.8 million for Meriden. Management Today said of Poore, "His approach was that of an investment banker, and he maintains a small head office in the City of London." (May, 1976). Poore had made another coup in acquiring the valuable non-motorcycle assets of BSA; as one worker put it - "Poore made a lot of money out of the motorcycle industry though he did not make any motorcycles."

The Meriden co-operatives future began to look very dubious when in the summer of 1974 opposition by workers at the Small Heath NVT plant to the co-operative scheme grew, since they saw it as a threat to their own jobs. The Meriden workers believed that Poore had encouraged this fear. Relations between the people at BSA Small Heath and Triumph Meriden had never been good, stretching back to the days of company rivalry before the merger in 1952. Instead of encouraging unity the common threat of the decline of the industry increased the distance between the two plants, and relations were soured when Small Heath bore the brunt of the 1971 redundancies. As Joe Ward, a steward at Small Heath until 1971 explained, there was no serious trade union effort to build links:

The trade unions in the various plants were never brought together and no serious attempts were made to form alliances between the factories in the establishing of a combine committee or any joint working arrangement... No alternative strategy from within the group could be put as there was no organisation to promote such an alternative. The negotiations which were later necessary to form the co-op took place with a weak and divided organisation because even under NVT the factories' organisations were never united." (1979,p.3,23).

The demand for nationalisation of the industry was made by the Birmingham Confederation of Engineering Unions, and the Meriden workers finally agreed to support nationalisation as the price of the Small Heath support for the co-operative. But there was no sustained campaign or mobilisation in favour of nationalisation, which could have secured a three factory solution, and, with considerable investment, set the industry more firmly on a path of recovery. Yet again, the highly vulnerable co-operative solution was a result not of trade union strength, but of weak and divided union organisation.

Continued antagonism of the Small Heath workers towards any preferential treatment for the Meriden co-operative made negotiations at the Department of Industry even more difficult than they had previously been. Benn expressed commitment to the whole of the British motorcycle industry, but found it difficult to convince the Small Heath stewards that a three factory solution was feasible. He maintained at a DoI meeting on 5th November 1974 with the stewards:

"I have not guaranteed the co-op no redundancies nor have I guaranteed the co-op further finance after the initial grant. I will pledge no discrimination..... I cannot guarantee your jobs beyond tomorrow but I can ensure my policy towards a three factory motorcycle industry, as I see a great future for it. Meriden will have no privileges over and above NVT. There will be no discrimination. Every endeavour will be made to promote full employment in the three factories." (Small Heath Shop stewards minutes).

A visit by Benn to Small Heath on 8th November received a rough reception, and the celebrated indictment of one worker, "You can't eat socialism'" (Capitalism has no nutritional value either).

At Wolverhampton NVT there was a great deal more sympathy for the co-operative, though there was fear that they would be closed to preserve Small Heath. Benn could not be blamed for the general disunity of the union organisation, nor the susceptibility of the Small Heath workers to the promptings of their NVT management. However, in the context of such fundamental doubt about the future of the industry, it does seem wrong to have pressed ahead with the co-operative assistance without first securing the survival of the other two factories. In late 1974 nationalisation of the industry was still a possibility, and was recommended, after a detailed study by NVT itself:

"Either the government must inject a further sum, estimated at £12-£15 million into NVT to enable it to operate within a three-factory industry, which would be tantamount to and better achieved by public ownership, or the Meriden men must go home and NVT revert to the original two factory plan with proper compensation for losses incurred at the behest of the government." (1974,p.34).

Presumably hoping to establish Meriden first, before tackling the problems of NV T, Benn pushed through the co-operative assistance. Even this limited aid was resisted by the Treasury, and by the Export Credit Guarantee Department which is controlled by the Treasury, and instructed to operate on normal commercial lines. Triumph Meriden finally started production on 6 March 1975. Benn commissioned the Boston report into the whole industry in March 1975, but was removed from office in June 1975, before he could do anything further for the industry, and was replaced by Eric Varley who had a very different brief. In the summer of 1975 NVT requested government aid of £30-£30 million, (the medium volume low premium strategy for two factories). Varley refused any further assistance; and, disastrously, the ECGD support of £4 million to NVT to cover its US business provided by Benn, was withdrawn. A merchant bank would make a phased withdrawal of credit in the circumstances, but the ECGD action was instant, presumably with DoI agreement, which meant that NVT

immediately was put into receivership.

Co-operative Organisation and Control.

The Department of Industry provided Meriden with a loan of £4.2 million and a grant of £750,000; however the co-operative paid NVT £3.9 million for the site, plant and work in progress, and had to pay £200,000 to the government for accounting services. With so little working capital remaining, the co-operative members knew that it would be a struggle to survive. Triumph Meriden was established as a limited company, Synova Motors, with three shares held by outside trustees. The trustees held the shares subject to a trust deed that they would not act or vote except in accordance with the beneficiaries wishes, who were the workforce. The board of the company consisted of eight elected union convenors, four other elected representatives, and the managing director. At each AGM one third of the board were to stand for re-election. Originally there was only one full time professional manager, the company secretary, however later the co-operative acquired several more managers. The first two years of operation of the co-operative were on very much a seige footing: production had to be re-activated on a shoe-string budget, and the dependence on NVT marketing seemed to leave the co-operative under Poore's control. It was the enthusiasm of the people who had picketed that brought the co-operative through this difficult stage.

In a number of important ways Triumph Meriden achieved a co-operative stature denied the Scottish Daily News or KME, yet the workers at Meriden did not see their enterprise as a political experiment, but simply as an industrial experiment. Moreover, the remarkable egalitarian features adopted initially at Meriden did come under a process of erosion, and the practice of workers control became somewhat attenuated. Thus the control structure was seen as a representative one: there were few meetings during working hours

since the prevalent view was that people should 'get on with the job'; meetings held monthly on Saturdays, were presented with policy decided between the board and management; and infrequent mass meetings were called normally only in response to crisis situations. One explicit distortion of the democratic process, which fortunately had little real effect, was a system of multiple votes, whereby workers voting power increased according to the number of years they worked at the co-operative up to a maximum of five. This was designed to ensure that the pickets who had sacrificed so much in the struggle remained the major influence in the co-operative, which they effectively achieved by more informal means. The quiet charisma of the co-operative chairman was central to the decision making process, and there was a tendency towards the unitary authority structure seen more starkly at KME, as Dennis Johnson admitted:

"When I was there, if a problem could not be resolved it would come to me as chairman and I would attempt to resolve it.... I was sort of running the whole plot, if you like as managing director - although we did not use these titles - and at the same time I was a representative of the board and of the TGWU. So it was a mixed role in many ways. As time went by ... we thought it was sensible to introduce an appeals committee, that meant if a person was disciplined, using the horrible old word for convenience, whenever that person had a grievance, and he thought in any respect it had not been resolved correctly or properly, then he could put that problem to the appeals committee." (Ward, 1979, p.3).

In fact the appeals committee was composed of the same union convenors: there was little serious conflict or dissatisfaction at Meriden, and most workers who felt a grievance simply left for better paid jobs elsewhere, but if there had been any critical problem, it is highly unlikely it could have been satisfactorily resolved within the existing co-operative decision making structure. Workers were uneasy about this, one said: "The appeals committee is the same as the shop stewards committee: they're on both sides again. You can't be both. It works, but there's something wrong."

There's something missing. There is still some agitation, you still feel some difference between the men and the directors. If you approach Dennis Johnson and say 'You've got a problem' he says 'It's our problem, not mine.'" That this system contained the seeds to degenerate into something less tolerable was indicated by the fact that in the first two years none of the convenors positions were contested at annual elections, because it was felt that it would be disloyal to foment disunity while the co-operative was barely surviving. An early critic was Bill Lapworth, who resigned as an outside director because he felt responsibility was vested too firmly at the top and was not being passed down to the grass roots.

Bill Beatie one of the shopfloor directors maintained that the directors job was "to act as a go between for the workforce and the management team. So that management time is not taken up with industrial relations." The equivocal position of the shop steward directors was recognised from the start and caused a lot of strain for them. Geoffrey Robinson later admitted that he was pleased at how they developed under this pressure, "There was a gradual realisation of responsibilities. When the concept of ownership was first mooted it was much stronger than Bullock, the whole board was elected from the trade unions. Inevitably and predictably, the elected members would see problems in precisely the same way as shop stewards - 'how will this effect my members'? They are now maturing into responsible directors, and it is accepted that the trade unions employ management to work for them." Under Robinson's influence there was eventually a move towards a Bullock style board, with selected members drawn generally from the shopfloor, not particular unions; four members from those in 'executive positions', plus one external director, Robinson. This represented a big shift from union control of the co-operative. Robinson said, "It is not anti-trade union, but in a

really co-operative environment, trade unions have no role to play".

The outstanding aspects of the industrial relations at the Meriden co-operative were the low manning, equal wage, and abolition of foremen. In the original Meriden submission to the DoI it was proposed that 879 workers could produce 24,000 machines a year, which civil servants found difficult to believe since in the previous year NVT had only produced 28,000 machines with 1,750 workers. In fact previously at Meriden 60% production had seldom been achieved, and the submission was simply the old piecework times plus 16% waiting time. The workers wanted more ambitious targets but Geoffrey Robinson insisted that they should be toned down to avoid taxing credibility too far. The submission condemned the previous organisation of production:

"The 'them and us' problem in the private sector is inherent in the conflict of interest in the division of a company's earnings. At Meriden, this was exacerbated by inadequate consultation procedures and by the fact that the plant was constantly under threat of closure. The result was an entirely unco-operative attitude from labour, maximising piecework earnings and causing repeated stoppages, overmanning and low productivity." (Business Observer, 23 June 1974).

Obviously employers elsewhere seized upon this, and upon the later proof of higher productivity at Meriden, in their attack upon shop floor practices, (without, of course, making any reference to the implied criticism of the ownership and control structure of private industry):

"If there is a significance in the Meriden experiment it lies less in the principle of worker democracy than in the attempt to demonstrate that the 20-30 percent overmanning which is so common throughout engineering can be overcome if the men on the shop floor are motivated correctly". (Financial Times, 7 March 1975).

When the co-operative started in 1975 the common wage was £50.00 per week, paid to all except the company secretary. In fact the loan agreement with the DoI stated that wages must not exceed £50 per week per worker on aggregate, and that overtime had to be agreed directly by the Secretary of State for Industry! The acceptance of this very low basic wage was convincingly proof of the dedication

of the Meriden workers, since it was less than they had been earning two years previously, and at a time of high inflation. In an industry with an elitist craft tradition it was a remarkable achievement to have a common basic wage for skilled and unskilled, men and women, white collar and blue collar. (Fleet, 1976, p.103). During the next three years only the increases allowed by government pay policy were allowed: £6 in 1976; £2-50 in 1977; and 10% in 1978. Therefore pay in the co-operative remained £20-£30 below the Coventry engineering industry, yet workers were prepared to stay at Meriden "because they like bikes". Some of the problems the low pay and common wage created were relieved later by overtime payments, and to overcome the rigours of the pay code between 4 and 8 hours of overtime were regularly awarded, though this was a widespread practice in industry. Work effort was maintained on the equal wage for over two years, until the end of 1977; however some workers claimed that since there were differential demands there should be differential rewards. The problem was, of course, how to determine what demands should receive what rewards, without slipping back into traditional discriminatory practices as some more conservative workers wanted. Many people were committed to the equal wage as a foundation of the co-operative and a plan to introduce a three grade bonus system produced in October 1977 was resented by many, and quickly dropped, though this was in the context of government pay guidelines. It was replaced by a factory bonus scheme linked to weekly output. The adoption of an equal wage revealed an admirable practical concern for equality, however the re-introduction of monetary incentives revealed how inadequate the basic wage was, and that the work at Meriden was not sufficiently stimulating in itself to dispense with incentives.

Finally, there were no foremen or supervisors in the co-operative, only 'organisers' who were seen to have a co-ordinating rather than authority function. There was a distinctly more open authority structure, though most of the 'organisers' had been foremen in the past, and they still wore white coats! Efficient utilisation of labour was greatly assisted by the flexible demarcation and willing mobility of labour: although people were assigned to particular jobs and departments, inter-job and inter-departmental mobility took place to ease bottlenecks. Despite the lack of close supervision and piecework, work discipline and output were maintained by work groups. However, naturally enough, lateness and absenteeism did occur. As at KME, clock cards were retained, ostensibly a fire precaution requested by the insurance company, but clearly serving other purposes.

There was, undoubtedly, an exceptional working atmosphere at Meriden. A good deal of the work involved dexterity, and a significant amount of craft work remained, although this was more due to undercapitalisation than deliberate choice. Workers were free to leave their jobs for a few minutes if they chose to, and most took an interest in the work, and identified strongly with the product. The co-operative proudly displayed the factory, bikes, and the workers themselves, to frequent visitors, many of whom were lifelong Triumph owners, and to trade delegations from Britain and overseas. Time off was allowed relatively freely, and the co-operative generally took a paternal attitude towards its members. However the enlightened policies, in formal terms, towards supervision, hours and days off, were contradicted by the repetition, limitation and boredom of much of the work. Though the assembly line at Meriden was a pleasant place in comparison to the noise, heat, and speed of other production lines; it was still subject to a detailed division of labour with the resulting lack of control and satisfaction

which production lines entail. It was difficult to sustain a keenness about work effort, whatever the level of commitment to the co-operative and motorcycle, if the same, or similar, job tasks were performed over 1,000 times a month. If the work had been more interesting and fulfilling, there would have been greater enthusiasm and less inclination to abuse flexible working arrangements. Some workers believed that work effort was slipping, and that apathy and disinterest was beginning to creep in by the second year of production.

This was reflected in what was at times the major problem of Triumph Meriden: how to maintain the high levels of output, and increase them further. During various periods the order books began to fill up months ahead, but as production runs fell behind schedule, some orders had to be turned down because delivery dates could not be met. There was considerable good will shown towards the co-operative and the Triumph Bonneville from dealers in Britain and abroad, and delays were tolerated, though this could not be relied upon indefinitely. A related problem was that one of the finest selling points of the bike was that it was craft built, with attractive styling, handling, and performance, in contrast to the standardized mass production of the Japanese industry, which made for a blander product. However the combination of outdated and inefficient machinery, and the erosion of pride and interest in the work, meant that faults occurred later in the motorcycles such as oil leaks, gaskets, and broken spokes, which were expensive to repair under warranty, and damaged the good name of Triumph. Due to dismay at this, and at a few of the organisational changes, some of the original pickets left, who were the backbone of the co-operative. The workforce increased from the 162 who started up to about 700, which was a considerable achievement in difficult economic conditions. However many of the workers taken on were not

fired, in the same way as the original workers, with enthusiasm for Triumph; and having not experienced the traumatic struggle to create the enterprise, their commitment to it was less intense.

Meriden had by far the slenderest management structure of the three DoI co-operatives, consisting in the first two years of one professional manager, Brenda Price, the company secretary who returned from NVT. A general manager, David Jones a former Jensen executive, was appointed during this period but soon left after disagreements with Dennis Johnson the co-operative chairman. The other managerial functions in the co-operative were performed by the worker directors and clerical workers. Given the considerable commercial hurdles Triumph had to overcome, the co-operative seemed to survive remarkably well with essentially no formal administrative management. Dennis Johnson was particularly proud of this, and was not happy with the gradual accretion of a management structure from both inside and outside the co-operative. In August 1977 he resigned, and later explained:

"The reason for my departure from the co-operative was I believed that the most important value of the co-op was that of its experimental nature. The industrial and social experiment to see if, with a different form of ownership, a much wider industrial democracy, whether in fact you could not simply attain high levels of productivity and efficiency but maintain these levels. I believe we did. To introduce professional management into it in my view ruined that experiment. Also I feel there are great dangers. The co-op was paid on an egalitarian system with everyone getting the same rate of pay irrespective of responsibility for your particular workload or type of job classification and skill. The danger is that you move to an us and them situation again where people see after all we went through, on the gates for eighteen months, struggling on £65 a week or whatever it is, and we have managers now on X thousands or so many hundreds per week, and we used to do it ourselves anyway. I don't think it is going on as a co-op as it ought to, but nonetheless this is what the people elected for, a professional management ... I thought we were going along a road that was no longer commensurate with what we set out to do. But that is democracy the people decided to go along that route." (Ward, 1979, pp.7-9).

There was always a well-acknowledged need for more technical specialists at Meriden, in engineering design and development, as well as in commercial activities, such as financial control and marketing. John Rosamund, the new chairman, was one of the workers who adopted a more pragmatic approach, "At one time we were selling bikes at a loss, because we did not know our production costs. And yet the assumption was that management and office staff were an unnecessary evil." It was difficult to find people with such skills, because of the high salaries demanded by professionals, the constraints on executive authority imposed by the co-operative structure, and the insistence on a commitment to motor cycles, and, in particular, Triumph. During the life of the co-operative, managerial assistance came from a number of outside sources. Geoffrey Robinson, the chief executive of Jaguar cars, and later Labour MP for Coventry, provided valuable commercial guidance to Meriden from the beginning. In 1976 a three man team from GKN attempted to assist with the commercial problems. Finally in 1977 as part of a rescue package arranged by Harold Lever, Arnold Weinstock, the GEC managing director, provided a management team. Whilst the team ostensibly were aware of the delicate nature of their role as advisers to the co-operative, and wanted to study aspects of the experiment to consider applications for their own company, they undoubtedly exerted a strong influence upon the co-operative organisation and orientations as representatives of a company regarded in the labour movement as possessing a fairly ruthless management approach. There was much appreciation in the co-operative of the technical skills and back-up resources of the GEC men in tackling long standing problems such as the cycle's vibration fault. The GEC team had little compunction in "laying down the law" at mass meetings, listing the technical, production, and commercial problems which had to be

overcome, as one worker said, "no one had ever spoken to us like that before". Due to the financial straits of the company, workers were vulnerable and receptive to such commands, and underestimated their previous achievements. By 1978 the co-operative had established its own management team, including a managing director, financial controller, and marketing director, the influence of the worker directors became more limited and a new stage in the control of the enterprise was embarked upon. An indication of the new approach was given by Brian Jones the Chief Engineer, who left a better paid job to join the co-operative, "We know we can produce a product to fill a gap in the market. We can generate and sustain a market share."

The Co-operative Performance in a Competitive Market.

The commercial fortunes of Triumph Meriden have been highly unstable. Though the workers set about rebuilding the reputation of the Bonneville motorcycle with great eagerness, the market for bikes in America in 1975 was overwhelmed by a glut of cut-price Japanese models. The market in 1974 had proved slower than expected, and having built up production for the anticipated increase, manufacturers were left with huge stockpiles, Honda alone had 472,000 machines in May 1975, worth £300 million. (Management Today May 1976). The recovery of the market was slow, and Triumph had the acute problem of re-establishing commercial confidence through the agency of NVT's marketing outlets. Losses in the first year of operation were predicted, but exceeded projections, amounting to £1.2 million. By January 1977, 2,000 motorcycles were stockpiled and the company had run out of working capital. At this point the GEC deal was negotiated. GEC advanced a notional payment of £1 million for the 2,000 bikes, and the Department of Industry agreed to provide £½ million in order to buy out the Triumph marketing

rights of NVT, which would be paid back to the Department by NVT in return for NVT shares. The co-operative workers agreed to a lay-off without pay, in order to restore the company finances, which lasted for six weeks. The same workers who had fought and eliminated lay-offs under private ownership, volunteered to be laid off - seemingly unaware of the irony, Dennis Johnson said:

"In February 1977 we had to have a meeting with our people and decide to lay ourselves off. So having taken the decision that we just could not continue to buy in raw materials and to make British motorcycles to simply stock them because of the finance position, we decided - and again another tremendous democratic decision to take, and they were not told as employers often do 'you have got to be laid off', it was a genuine decision, 'that's the problem lad's, there is only one way out to go on the dole'. We decided we would do that, but even having done that, in honest terms we had got to pay our suppliers, and clearly because our money was tied up in stock we could not. It was on that occasion that Weinstock became involved." (Ward, 1979,p.6).

The marketing deal with NVT was finally negotiated, after some delay, in June 1977, and the co-operative workers felt that they were free at last to prove, unhindered, the worth of their enterprise. (Though final acquisition of the name Triumph was only achieved in 1980, before that it was on licence from NVT). Sales increased, the order book grew, and in 1978 a trading profit was briefly made. The GEC bikes were sold, the loan repaid, and Triumph began to open up further export markets. A United States subsidiary was opened up in California, with five depots throughout the States, since about 75 per cent of production was for the American market. There were agencies in other countries, and exports to Europe, Africa, the Middle East, and strangely enough, Japan. There was no attempt to disguise the thoroughly commercial orientations of the co-operative, such as in the manufacture of a limited edition of Jubilee celebration bikes in 1977; the completion of a large order from the Ministry of Defence for NATO forces; and in the effort to regain police force contracts.

Motorcycle production, during the periods Meriden was allowed to produce unhindered, was sustained at about 330 per week with 700 people, which was a fifty per cent improvement on productivity achieved under private ownership. Dennis Johnson proudly claimed:

"It was written in the (Boston) report that Meriden in 1972 under the old conventional management were producing 14 bikes per year per man. Now under the co-op system, and bear in mind nothing had changed except the type of ownership, and the method of work, on the same plant, the same equipment, the same model: under the co-op system by November 1976 (at the time we had to cut back production because of stock build up), with 700 people we were aiming for a production target of 350 bikes per week. I have done the figures and over a reasonable period of time, three months or so, our average was 330, we had hit 350, and then fell short so the average was 330 bikes. With 330 bikes and 700 people, if you project that through an ongoing year, that equals 21 bikes per man over the year, and that is a 50 per cent increase, and the only thing that had changed was the form of ownership and the style of running the place, everything else was the same, largely the same people had come back to us." (Ward, 1979, p.6-7).

Even the co-operative's greatest adversary, Dennis Poore, the NVT chairman, in a letter to shareholders at the time of the marketing deal, was forced to admit, "It is fair to say that the co-operative has achieved a remarkable success as an efficient manufacturing unit." (The Times, 5 May, 1977). In fact Meriden productivity far exceeded that achieved at NVT, and equalled that of European competitors, though it paled into insignificance compared to the Japanese industry's output as Table 1A reveals.

Table 1A : Motorcycle Industry Productivity Comparison (1975)

	Number of Employees	Motorcycle Output	Motorcycles per Man-Year
<u>Britain</u>			
NVT Small Heath 1975	1,245	10,500	10
NVT Wolverhampton 1975	1,115	18,000	18
BSA Triumph Meriden 1972	1,750	28,000	14
Meriden Motorcycle Co-op. 1976 ¹	700	15,000 *	21*
<u>Europe and United States</u>			
Moto-Gjuzzi/Benelli		40,000	13 plus 20 mopeds
BMW		25,000	20
Harley-Davidson		50,000*	15*
<u>Japan</u> ²			
Honda Suzuka	8,500	1,500,000	350*
Honda Hammatsu	3,100	500,000	174
Yamaha	5,500	1,000,000	200
Suzuki	10,000	800,000	114
Kawasaki	1,700	300,000	159

(* estimate)

1. Although this output per man figure of 21 motorcycles was sustained at Meriden for long periods, the final total production fell short of 15,000 because production had to be cut back in November 1976 due to build up of stocks and shortage of working capital. Similarly the Boston figure for Harley-Davidson was estimated upwards to take account of the production loss due to a lengthy strike.

2. This comparison is deceptive since a high proportion of the Japanese cycles were of small displacement with lower labour and other input, whereas the European cycles contained a high proportion of larger bikes (and in the case of Meriden they were all super-bikes). Therefore the Japanese motorcycles per man year could perhaps be divided by three for fair comparison. Of course, the productivity difference remains startling.

Source: Derived from Boston Consulting Group, 1975, p.53, Exhibit 21.

The obvious reason why Meriden could not match the productivity of Japanese competitors, despite the great dedication of the co-operative workers was the lack of capital investment in new machinery necessary to increase output. From the start Meriden was critically under-capitalised. Meriden achieved twice the productivity of the low volume high premium strategy of the Boston study, but with half the manpower, and a fraction of the capital thought necessary.

Table 1B : Comparison of Boston Low Volume Strategy and Meriden Achievement.

	<u>Boston Low Volume</u>	<u>Meriden Co-operative</u>
Sales	16,700	15,000 *
Employment	1,576	700
Productivity (Motorcycles per man year).	10.6	21
New Cash Requirements		
Interim Capital	£11 million	£850,000
New plant	£4 million	-

(* estimate)

Source: BCG, 1975, p. xxv.

Thus the low volume strategy of Boston called for interim capital of £11 million, and new plant of £4 million, for the existing manufacturer NVT. The purchase of the Meriden factory from NVT used up most of Meriden's capital before production commenced, leaving it with £850,000 later supplemented by the DoI grant of £½ million, which again was paid to NVT. The Meriden co-operative therefore did not have any capital to develop the plant or improve the product, and more critically, did not even have enough working capital to sustain production and stockpile for the new selling season. At the same time the major competitors of Meriden, the Japanese manufacturers, were investing hundreds of millions of pounds each year in automated production plant. The co-operative was painfully exposed to the

cyclical pattern of trade, without any means of protection, which meant that production and effort could not be regulated. The frustrating cycle went:

build up of stocks/lack of working capital/lay-off/
 increase in demand/inadequate production capacity/excessive overtime,
 (sometimes without pay)/loss of sales through failure
 to meet delivery dates/ fall in demand/ build up of
 stocks

Meriden workers had to persevere with worn and obsolete plant, much of it a relic of wartime, one explained, "Our machines are outdated, it's all wartime machinery, you can see the stamps, it's utility stuff. But a lot of the men are as old as the machines, so they know how they work - you've got to allow 5 tho' on this machine, or stick a fag packet in a jig to make it right. The machinery needs replacing, but it's the same in all this country's industry - not enough is ploughed back." It is plain that if British industry has to attain industrial recovery by the use of strategically placed fag packets in industrial machinery, then the chances of sustained improvement are remarkably slim. Batch production of parts at Meriden caused interruptions in production, and generally there were not the resources to plan for a continuous flow of production which meant further track stoppages, and a lower level of mechanical efficiency than that maintained by competitors. But many Meriden workers would not wish to experience the ravages of mass production, even if it did produce cheaper bikes. The Boston report reveals, in contrast, the devotion of Japanese manufacturers to high technology as a means to expanding market share:

"The Japanese factories all tend to reflect an ardent focus on production engineering in their operations. Investment is made in capital intensive highly automated equipment which can be justified because the marketing approach is designed to generate the very high model volumes which render these methods economic The focus on advanced technology and high productivity is apparent to all stages of the production process, from metal forming (casting and forging) right through to final assembly... There is no evidence of any relaxation of the Japanese motorcycle industry's traditional passion for aggressive cost control through efficiency and automation." (1975, Appendices, pp 216,223).

What this means for the Japanese motorcycle worker, frequently isolated on a production line with only robots to talk to, is that work tasks are broken down into 20-60 second units, with up to 180 engines or models passing along the conveyorised track per hour. Instead of performing work tasks 1,000 times a month like the Meriden workers, the Japanese worker performs the same task 1,000 times a day. The same ruthless efficiency is shown in model change on the Japanese assembly line, which is accomplished within 5-10 minutes, meaning that there are practically no intervals in work effort. Even the Boston consultants, seduced as they were by the market and production aggression of the Japanese manufacturers, were forced to concede:

"It must be noted that there is some concern in Japan at the psychological strains imposed by highly automated operations and conveyorised assembly techniques. Honda at their Kumanoto factory are installing a so-called 'free-flow' assembly line in which any worker can stop the line if he feels it necessary. This has apparently worked successfully in other industries in Japan and contributes greatly to humanizing the working conditions." (1975, Appendices, p.230).

It is likely that Meriden workers, having experienced the relative freedom of their production system, would question how humane the new Honda assembly line was. However faced with competition at this level of production efficiency, the Triumph bikes were constrained within the low volume high premium category, and to succeed in this category required a high quality product. The lack of capital meant

that essential equipment necessary to improve the Bonneville could not be obtained, and research and development was severely inhibited. The capital necessary to develop a full product range remained a dream. Whereas Japanese manufacturers had over twenty models on sale in major markets, Triumph had two. This was a critical commercial weakness since cyclists tend to trade up from lightweight bikes through a manufacturers produce range as they become more experienced. Not having any small bikes, Triumph was isolated in the expensive superbike sector, and customers had to make a conscious decision to change marque.

The reason the Boston report had included in its assessment of the capital requirements of each strategy such large amounts of interim cash, (in the case of the low volume strategy £11 million), was the belief that large losses would be incurred before operating efficiency and new models could be established: "Under any of the strategy alternatives considered ... it must be accepted that approximately three interim years of heavy deficits will need to be financed in addition to the investment required for implementing the strategy itself." (1975, p xxi). This prediction proved depressingly accurate. In 1977-78, for the third year running, Triumph Meriden made a substantial loss, of £1,290,000. But Meriden did not have the reserves deemed necessary by Boston, and survived only by sliding deeper into debt, and extracting more sacrifice from the workers. A price rise of 35% stemmed losses but depressed sales; and the introduction of an incentive scheme restored productivity, but simply increased stocks. The re-introduction of skill differentials slowed the loss of skilled craftsmen to neighbouring factories but illustrated how far the co-operative had drifted from its original brave ideals. The Labour Government, having supervised the closure of NVT Small Heath and Wolverhampton,

(despite a courageous sit-in at Wolverhampton, and the attempt to launch a co-operative with new products), responded coldly to Meriden's approaches for further aid. Meriden had proven it was a viable manufacturing unit, and had made a significant contribution to exports, since 75% of the bikes were sold in the US and Australia, but the government seemed determined to eradicate the last example of Benn's influence at the DoI. Meanwhile the Meriden workers were being asked to work long shifts and whole weekends to complete rush orders, when there was no cash left to pay them. Understandably, they became very distraught: "We're fed up working ourselves to the bone, unpaid, and we're tired of the attitude of those outside, including the government."

The election of a Conservative Government in May 1979 seemed to seal the fate of the co-operative: not only did the possibility of further aid seem finally eliminated, but interest charges from the £4.2 million loan were due at the end of June 1979 amounting to £1.25 million, which it was unlikely the DoI would waive. (Why the original assistance was in the form of an interest bearing loan instead of a grant is difficult to fathom when NVT had received a grant of similar proportions from the previous Conservative Government : presumably the DoI regarded it as unethical to provide a co-operative with a large grant, even though it was standard procedure to provide such grants to private companies). The new Secretary of State for Industry, Sir Keith Joseph, had written a glowing forward to the crude and flimsy lambast Meriden: Odyssey of a Lame Duck (1976) by Jock Bruce-Gardyne, in which Joseph attacked Christopher Chataway for providing the original aid to NVT. Since his visionary conversion to monetarism, Joseph had come to the tortured conclusion that the industrial intervention practiced by the Heath Government of which he was part, was "sort of semi-socialist". Joseph put this little diatribe against

the Meriden workers efforts, in the reading list on free market ethics which he presented to the civil servants of the Department of Industry upon his arrival there. The irony was that the current Meriden dilemma, besides the outstanding interest payment, was basically a crisis of overproduction: during 1979 sales of 750 cc motorcycles fell by 39 per cent in the UK, and 30% in the US, due to the severe winter, and Meriden accumulated a stock of over 3,000 unsold bikes. As if to impress upon the new government that they could take tough commercial decisions themselves, at the end of May the Meriden management team, headed by Geoffrey Robinson, who had become managing director in November 1978, decided that redundancies were inevitable and informed local union officials. At a stormy meeting between Robinson, the co-operative board and the full-time union officials, the unions said that they would fight the redundancies, and issued press statements to that effect. At a mass meeting of Meriden workers, which Robinson was not allowed to attend, they were confronted with three choices: 150 redundancies, a complete shutdown for four months, or a three day week for 18 months. The workers rejected redundancies and opted for a three day week, however, at a later mass meeting in a display of executive power and charisma, Robinson persuaded the workers to reverse their decision and accept redundancies. (Observer, 27 May 1979) Robinson said to them, "All the companies that are interested have said that they don't want to come in and have to make redundancies. Why should they? Let's have the guts to do it ourselves".

Having reduced production from 300 to 200 bikes per week, Robinson insisted that Meriden was breaking even, and pleaded with the company's bankers, suppliers, the government, and the ECGD for the time to prove this. Sir Keith Joseph rejected the request to waive interest charges, which Robinson accurately depicted as "an act of political

spite". This should have been the signal for the closure of Triumph Meriden, when rescue came from an extremely unlikely quarter: 300 creditors met at the factory and appointed a committee to consider what could be done to save the business, short of receivership. The chairman of the creditors' committee said "It's the easiest thing in the world to close a company down. But if you can save a company that is all to the good of the country." Meanwhile the realisation that the government would not recover its money if it put Meriden into receivership, prompted the DoI to grant a reprieve to allow Robinson to pursue the possibility of a link with a foreign manufacturer. "We need money and an association with an internationally based company" Robinson declared. John Rosamond the new chairman of the ailing co-operative contributed, "We live and work in a commercial world: to run a business you must achieve a profit." (Observer, 29 July 1979). As the search for a financial backer continued, a further 60 redundancies were declared in August 1979, together with an early retirement scheme. The retirement scheme caused particular heartache, since the people who were asked to go were among the most loyal supporters of Triumph, many of them had been with the company for the whole of their working life, and when the co-operative had started up they were promised a job for as long as they wished. Some of the older workers felt betrayed "I think they should have honoured the agreement - the promise of a job. When you think of the people among us who picketed. Our noses have been rubbed in the dirt by the Board of Directors." Another man of 66 who had spent 40 years in the motorcycle industry said he had "Nothing to grumble about", but walked away in tears after he had received his few extra weeks wages and £500 gratuity. A third retiring worker revealed the depth of involvement many of them had, "I haven't got any bitterness. I love Triumph, I always have, and I always will. Triumph

is my life, especially since the picket days." One worker in his sixties spent the whole of his gratuity on a new Bonneville and roared out of the gates on his 750cc bike !

For those who remained working at Meriden, under the threat of imminent closure, the self-imposed regime became harsher. A large order from the Nigerian Army for over 1,000 bikes meant a financial breathing space but production bottleneck. John Rosamund had a difficult job persuading the co-operative board that the order could be met in time, "We have got to get 300 bikes in Nigeria by October 1. That means we have to get the bikes to Liverpool docks by next Wednesday. There will be no pay for weekend work. Time off in lieu is becoming a sick joke, so there's no point in that. We are going to have to work to get this order." One steward responded, "We always seem to be asking people to work for nothing." Another shop steward insisted, "People are working under protest. They know that either they work for nothing or they are out of a job. Were the people who undertook these negotiations aware of what they were doing? Did they know the material position?" In the event, 110 people came in to work on Saturday without pay or time off in lieu, and 80 people came in on Sunday without pay or time off in lieu. The order was met, and led to another large order from Nigeria. Robinson commented, "There is always a major rush with any company to meet the first consignment of a new order." Of course, normally workers receive some payment for their effort. The single minded effort to save the factory had impaled the workers on the horns of a dilemma: Robinson said "It is often put to me by senior trade unionists, 'Why don't you liquidate the project?' But the courage of the membership, and shared sacrifice carried us on".

Robinson toured all of the European and Japanese motorcycle manufacturers in search of a financially stronger partner for Triumph Meriden, and although they all expressed an interest in the struggling co-operative, no deal materialized. A previous link with Moto-Guzzi, whereby Meriden assembled Moto-Guzzi mopeds, had indicated some of the difficulties of dependence on such links, but the co-operative was forced to plead for another similar relationship. By May 1980 only Suzuki were still interested. If the government would write off the money Meriden owed, there seemed a possibility of a partnership deal with Suzuki; in which Marubeni, the parent company, and Suzuki would have two thirds of the seats on the board, and Triumph Meriden one third. Meriden would produce bikes made up mainly of Suzuki parts, but carrying the Triumph name. Robinson insisted that there was no question of Meriden becoming merely an assembly plant for Suzuki machines, and that a distinctive Triumph identity should remain, however the co-operative was in a weak position to bargain. Any deal with a major company would mean the end of the co-operative structure at Meriden, as Geoffrey Robinson later admitted, "That we were looking for a 'business partner' was a euphemism. We were looking for a takeover, a sellout. But we had to soften the blow on the co-operative." Discussion among the co-operative board of directors of what their role would be in the event of a takeover was heated. Robinson said that "Every prospective buyer insisted that in terms of commercial realism they would have to be in control." Rosamund, the chairman argued that, "We could still have participation - it would not have to be a charade." But a concerned director who was a shop steward saw that "They're not going to do it for nothing. They want a tame labour force, and we're going to be the tamers. Will we represent the workforce, or will we be policemen over the workforce?"

The Boston report had considered the merits of associations with overseas companies. The basic dilemma was the massive investment necessary to bring British production costs into line with those of foreign companies. One way around this was to buy Japanese components at a competitive cost and assemble these into bikes. A problem was that if the bikes were successfully marketed, then supplies would be withdrawn by component manufacturers in competition with Triumph who also made motorbikes! An arm's length relationship was not possible therefore, only a mutual commitment. One reason why a Japanese manufacturer might consider such a commitment was that assembly was the least automated part of the existing production process, and therefore could be more readily transferred to British factories. There was also the possibility of full-scale manufacturing in Britain for a Japanese company. This would allow access to the volume production and large market share of the Japanese, and the use of Japanese proprietary manufacturing technology. However, as with the proposed BL link with Honda, there were dangerous implications in this approach:

"While this strategy might allow continued manufacturing of motorcycles on a large scale in the UK, it would probably involve almost total dependence on Japanese skills for design, production engineering, marketing and overall business development. The status of the British industry would be little more than that of a subcontractor, quite possibly not even allowed to participate in the technically most advanced and productive areas of production, such as engine manufacture." (BCG, 1975, p.118).

The reasons offered by Boston why the Japanese might consider this arrangement, even though they already had almost total market dominance are interesting. Firstly the possibility that import controls might be applied in the UK, or the EEC generally, in order to penalise Japanese motorcycles - which a British manufacturing base would evade. (Already in Italy, Japanese imports of machines less than 380cc is prohibited. Above 380cc there are import duties on Japanese bikes; and the Italian Government has taken public

ownership of the major superbike manufacturer, Ducati.) Fears of wholesale controls on Japanese goods entering EEC markets haunted the Japanese manufacturers. Zenko Suzuki, the Prime Minister declared on a tour of Europe, "Protectionism would be nothing short of a suicidal pact. Its outcome would be the loss of vitality, and the stagnation of the free economic systems of the West." He went on, that there were binding links between the US, Western Europe, and Japan, based on "shared values of liberty and democracy and a free market economy", which he traced back to the year 1871 when John Stuart Mill and Rousseau were first translated into Japanese! He concluded, "The urgent task facing us at present is to strengthen the third side of the triangle - relations between Japan and Western Europe." A second reason why a Japanese company would consider manufacturing in Britain, is, ironically enough, that as labour costs continue to rise in Japan, it becomes cheaper for assembly to be done off-shore in the local markets.

The adoption of this strategy would undoubtedly mean the end of the British role as an independent motorcycle manufacturer, indeed, Boston sinisterly infers, "it is likely, for example, that a quid pro quo for this type of arrangement might be that the Japanese company would insist on the British phasing out their superbikes" (1975, p.118). Regrettably, the only link-up which appealed to DoI civil servants, concerning the motorcycle industry, was one which did involve the closure of Meriden. In 1978 a deal was considered with Kawasaki to build a motorcycle assembly factory in the North East, in partnership with a private engineering company and the NEB, which would receive substantial regional aid. This was considered the most expedient way to attract the Japanese motorcycle industry to Britain, and to close the Meriden co-operative. The proposal failed, but showed the DoI opposition to any conception of Meriden as the nucleus of a future motor cycle industry.

The failure to find a partner established in the motorcycle industry for Meriden, when negotiations with Suzuki finally co-lapsed in June 1980, led to a more desperate search, as with KME, for any private company willing to take over Triumph Meriden, on almost any terms as long as the Triumph motorcycles were still produced. Bill Beatie a director from the gear assembly section described the profound insecurity of the workers at Meriden during this period, "The turmoil in our minds is the uncertainty of what we are doing. We don't know if the government will allow us the time to secure an interested party. We don't know if we can find an interested party..." Talks were held with more than 100 interested parties, including the betting group, Ladbrokes, and the Transcendental Meditation Movement, (who had also shown an interest in KME), and who wanted to replace the traditional tea break with 10 minutes of meditation ! The company that turned up was Armstrong Equipment whose chairman Harry Hooper wrote to Sir Keith Joseph proposing his company takeover Meriden: if the £4.2 million loan and £1.65 million interest owed by the co-operative were waived; together with the £5.34 million owed to the ECGD; which included giving up recoveries from sales of 2,000 motorcycles held in stock in the US, and returning two million dollars from the proceeds of sales already made. Hooper proposed to cut the workforce by two thirds, down to 150, and sell off the main factory, continuing production at 100 bikes a week in a small adjoining building, with a job evaluated wages structure. He ended with an extraordinary nostrum, given the record of the co-operative, which nonetheless must have been music to Keith Joseph's ears: "The problem with Triumph has essentially been that of much of British industry, in being grossly overmanned. The accumulated losses would not have arisen had manning been at the levels which my own survey has

indicated would have been possible." (Financial Times, 14 July 1980) Despite Hooper pointing out that if the government put Meriden into liquidation there would be less than £1 million left against government loans after redundancy payments, bank charges, and £1.3 million owed to creditors, Joseph refused the offer, to the relief of many at the co-operative.

In August 1980 a further 300 redundancies were agreed at Meriden, to prepare the ground for any last minute acquisition, maintain production on a skeleton basis, and stem the financial haemorrhaging. However final closure seemed imminent. The overseas market for the Triumph had disappeared almost entirely. Robinson explained: "We were going well early in 1979, then in April 1979 was the election of the Conservative government. Eighty per cent of our production was for export and 70% was to dollar markets. Within a year the pound sterling increased from \$1-90 to \$2-40. We were forced to come down to the home market." During this period Robinson and the other co-operative leaders acted out an elaborate charade with the Conservative government. Lord Trenchard, the Minister of State for Industry, in July 1979, had imposed a three week deadline on the repayment of £1.2 million then due. But as long as the co-operative seemed to be making progress with what were largely fictitious partners, then the government did not want to face the acrimony of forcing closure.

In September 1980 the Conservative Government finally decided that there was no possibility of recovery of the money owed by Meriden, and to the surprise of everyone, agreed to write off £9 million loans and credits, on condition that Meriden raised at least £2 million from the £4.4 million worth of motorcycle stocks in the United States in order to repay the Exports Credits Guarantee Department. The Meriden management were confident of being able to do this, though as the recession in the US worsened motorcycle sales fell off, and

an extension of the repayment period to April 1982 had to be granted. The government had opted for what they saw as the lesser of two expensive evils, either write off the debts, or put the co-operative into liquidation with the resulting costs and further blow to the morale of industry. However they were at least prepared to be magnanimous, "We wish them every success", Lord Trenchard declared, and Margaret Thatcher added, "We wish them well." This contrasted with the permanently frosty reception Eric Varley had offered to the Meriden people at the DoI under the previous Labour Government. Geoffrey Robinson said, "Despite six years of tremendous struggle, we were always pleading on our knees. The negotiations for a relaxation of the loan terms went on for two years and reached an inconclusive, abortive result. Finally after sixteen months of struggle with the Tories, we got the government to write off the debts". If the hostility of the Labour Government could be explained by its conviction not to encourage anything which smacked of Bennery, the reluctant support the Conservative Government was prepared to grant the co-operative can only be explained by the fact that there was something attractive in the Meriden workers determination to survive as a manufacturing unit whatever the sacrifices involved.

The Meriden co-operative was left to limp on therefore, with 200 workers producing about 100 bikes a week. Orders picked up, but disaster was never far away: "We are living and dying on £30,000 at the moment", Robinson said. A new Bonneville model with an electric starter was launched in 1980 and other model improvements and diversifications were made. The Meriden management remained confident about the recovery of exports: "There is nothing inherently wrong with the Triumph, and it has a marvellous name.

It now has an electric start; an isolastic system to get the engine balanced, and for balancing the shaft. That basic design should be totally competitive. The Triumph handles better, and looks better with two cylinders. Four cylinder models are bulky in comparison and add weight and complexity". Despite this bullish attitude, the prospect of further plant or product development remained as remote as ever, as Robinson explained, "To re-tool, volumes of 50-75,000 per annum are needed, with a higher break-even, and smaller unit profits. We should not have to pitch as the Morgan of the motorcycle industry. Product development is the heart of any industry, in product value terms. Yet the cost of tooling up for a 500cc engine at 25,000 a year would be £60 million."

The years of struggling against impossible odds had brought some hard lessons home to the co-operative. Geoffrey Robinson maintained:

"As a Labour MP considering the relevance of co-operatives, the first lesson of Meriden is that: If you are faced with the total collapse of an industry, - and the government does not want to back it, 'but if the lads want to set up a co-operative', then it will give them inadequate funds, - then I would not accept. Because it only devalues the concept of a co-operative to be set up with no money, and all of the civil service against it. They need to be set up properly. The end is fine, but they need a proper basis. They need a good structure - there is a role for co-operatives if properly structured. Not inadequate funding against monopoly competition. Of the money given to Meriden, £4.15 million went in compensation. We once had 80% of the world market, now the Japanese have - but they are sitting on the most sophisticated, capital intensive factories, with the most cost-effective products After the 18 months sit-in by very determined, politically motivated workers, we were in a post-revolutionary situation. We found ourselves in charge of the factory. This was the Phoenix of British manufacturing industry. Yet we found ourselves with a clapped-out old factory, no money, and no management."

In the early 1980s, with the British economy in the grip of recession, people were retreating en masse towards cheaper forms of two wheel transport. (Whereas in the US recession had depressed motorcycle sales because these were owned in addition to cars).

In the first four months of 1980 sales of motorcycles increased from 62,000 to 92,000 over the previous year, and while car manufacturers were revising sales predictions downwards, motorcycle manufacturers witnessed a major revival of interest, with anticipated registrations of 331,000 new bikes for 1980, equal to the record year of 1959. By now Japanese manufacturers accounted for 88.9% per cent of the British market, and British manufacturers only 1.6 per cent. Domestic production accounted for 19,500 two wheel machines, most of which were exported, whereas the Japanese motorcycle industry manufactured 5.5 million. (Guardian, 30 June 1980). A terminal lack of industrial investment was not restricted to the British motorcycle industry: there were other traditional British industries in a similar state of catastrophic decline.

A final irony was that, as Triumph Meriden barely survived in the middle of a boom in motorcycle sales, the surrounding local economy, based heavily on the depressed car industry, was in a state of structural decline. With closures or mass redundancies at BL Canley, Jaguar, Alfred Herbert, and Massey Ferguson, unemployment in Coventry had risen to 15 per cent by August 1981. Similar redundancies in Birmingham accounted for a total of 300,000 people out of work in the West Midlands. The fatal combination of the movement of production abroad by multinationals, the lack of state aid, and a sustained neglect of industrial investment, had left the West Midlands dependent upon out-dated industries, obsolete plant, and ancient factories. The heartland of British manufacturing industry seemed "locked in irreversible decline". (New Statesman, 29 August 1980). A special case had to be made to provide aid to Triumph Meriden in 1974 under the Industry Act; as the West Midlands join the depressed regions, that will be unnecessary in future.

The Final Breath of the British Motorcycle Industry

Somehow the Triumph Workers found the courage and optimism to limp on for another two years. Orders dried up under the impact of unfavourable exchange rates, the withdrawal of Export Credit Guarantee Department credit facilities, and a lurch towards protectionism in the United States market (Harley Davidson appealed to the US International Trade Commission, which agreed that motorcycle imports from Japan and other countries posed a threat to injure American manufacturers). (Guardian, 27 January 1983) Reduced to 180 workers producing barely 80 Bonneville's a week, the debts of Triumph Meriden continued to mount until £2¹/₂ million was owed: £1 million to components suppliers, and the rest in rates and electricity. An injection of £465,000 over two years early in 1983 from the West Midlands County Council served to revive production and stave off bankruptcy, but it was clear radical measures were necessary. Bill Beattie a worker director said, "We were working in the factory in mid-November with no heating on, the guys on the shopfloor wore overcoats. Yet we can't find someone to back us with finance. People are screaming out for work here. Yet no one will back us in government or the banks, except with moral support."

The decision was taken to sell the 22 acre Meriden site, which it was hoped would raise in excess of £1 million if it could be redesignated from industrial to housing use, and to move back into a small disused Dunlop factory in the centre of Coventry from where Triumph Motorcycles had moved following the second world war blitz. In this way it was hoped to dramatically reduce overheads, and rebuild the company around a new model and engine called the Diana, after a princess of the same name. The bike was an impressive, streamlined new design and it was hoped could provide a bright future with production of 10,000 bikes within three to four years. John Rosamund maintained, "We are at the crossroads. We have the nucleus of a very fine business, and we are negotiating for the money which could turn it into a profitable one." (Sunday Times, 13 March 1983)

The West Midlands County Council with the West Midlands Enterprise Board offered a £1 million investment package over 5 years if this was matched by private investment, to retool the new factory and start up production again. Michael Jordan, a senior partner in Cork and Gully, a City firm, attempted to raise private investment and commented: "They need help in management, production, marketing, and finance - where cash flow is so important. But there are positive signs in the American market and in exchange rates. Triumph has its own cult following and charisma. The City will be able to put up the sort of money the West Midlands Enterprise Board want to bridge the gap." (Money Programme, BBC 2, 3 April 1983)

While negotiations continued, the Triumph workers agreed in March 1983 to an indefinite lay off to conserve the meagre company resources, falling somewhat poignantly on the 8th anniversary of the co-operatives foundation. Yet the devotion to Triumph continued, when asked for 20 unpaid volunteers to clean up the Dunlop site as an act of faith, 38 people came forward to scrape the floors and paintwork of the derelict plant. Misgivings that sheer desperation was the only motivation grew, and the direction of the co-operative in crisis had fallen almost exclusively into the hands of Bill Beatie and John Rosamund the worker chairman, with Geoffrey Robinson as managing director. The proposed move to Coventry disturbed a lot of the remaining workers, and the plan to sub-contract some of the machine work caused further insecurity. As one steward put it, " We're sick of being told to "do this or else." Bill and John are always saying it. We should talk these things over and let the shopfloor have a say on sub-contracting. We're not here to hinder, we're here to help."

Predictably private sector finance was not forthcoming to rescue the Triumph legend, and even the sale of the site proved difficult. Five months later, an exhausted and demoralised group of Meriden workers held a mass meeting to consider liquidation. After three hours of debate, the

following terse statement was issued by John Rosamund which ended almost ten years of unflinching struggle since NVT declared closure of Triumph Meriden in November 1973:

"The beneficiary owners (the workforce) of Triumph Motorcycles Ltd voted in favour of the voluntary liquidation of the company thus authorising the trustee shareholders to proceed with that course of action at the meetings of shareholders and creditors on August 26, 1983."

CHAPTER FIVE

THE DEPARTMENT OF INDUSTRY CO-OPERATIVE EXPERIMENT

Potentially the three workers' co-operatives established with the assistance of Department of Industry funds could have proved of considerable theoretical and practical importance as experiments in industrial organization: unsettling the complacency and conservatism that is pervasive in British industry, and showing that significant changes could be made in the control of companies without disastrous consequences. Regardless of the limitations of the innovations attempted by the co-operatives, their most important achievement could have been their demonstrative impact. Before the co-operatives were founded, conceptions of workers control could be readily dismissed as utopian. These were the first large scale manufacturing organizations dedicated to co-operative principles to be established in the post-war period largely through workers own efforts. Their creation took place in a blaze of publicity, which could not have failed to impress managers, trade unionists, academics, and not least of all shopfloor workers, that alternative forms of control were possible, whatever doubts surrounded them.

Critical attitudes towards the idea of workers control certainly exist among workers, (though the origins of, and the reasons for these attitudes need to be examined), and the public impact of the co-operative experiment must be understood in this context: "The success or failure of recently established and highly publicised workers co-operatives over the next few years... will probably have a widespread effect in the belief of employees in their own ability, or lack of it, to control their own industrial destinies." (Ramsay, 1977) Due to the severe conditions the co-operative laboured under from their inception they did not prove, in strictly commercial terms, particularly

successful (except compared to the performance of their previous private owners and management). However, perhaps they achieved enough to shake the confidence, temporarily at least, of professional management in their own infallibility and irreplaceability, and to justify workers confidence in their potential ability. Unfortunately, whatever elements of success and failure constituted the results of the co-operative experiment, it was the interpretation of the media which determined the lasting impression made by the co-operatives, and the critical assessments of the media were in turn strongly influenced by the objections to the co-operatives raised within the Department of Industry itself, and within other government bodies and Parliament.

At the beginning much astonishment was expressed at the DoI's decision to extend some £10 million in grants and loans to three co-operative enterprises under workers control, and certainly it was a novel departure. But when the extent of total government aid to private industry is taken into account, the funds provided to the co-operatives pale into relative insignificance: for example in 1976-1977, a typical year, £1,332 million of state aid was provided to private industry. However direct state aid is only one element of public assistance to private industry: generous tax concessions, including stock relief and 100% depreciation allowances mean that many companies pay no mainstream corporation tax on profits. The provision of public services and facilities free, or at heavily subsidised prices amount in money terms to several times the sum of direct aid. In addition there is the extensive support available through employment creation schemes, which subsidise the labour costs of companies. Finally the present Conservative Government has seen fit to bestow immense largesse upon the private sector in its privatisation programme which amounts to thousands of millions. Thus vast amounts of

public money is being used to sustain private industry, and the ultimate control over the benefits derived from such public investment remain in the hands of private owners, who are assisted in the accumulation of large concentrations of private wealth.

A fact which received little comment was the considerable extent of government financial support for the previous private companies that owned the Kirkby and Meriden factories. The series of private companies at Kirkby received £3.8 million in grants and loans, whilst NVT alone received a grant of £4.8 million in 1973 from the Conservative Government. Allowing for inflation, these amounts are similar to the full extent of the aid to the co-operatives. (Governments do not offer assistance to the newspaper industry in this way, but the loan to the SDN was comparatively small, was secured and interest bearing). Therefore one is not by any means comparing co-operatives dependent upon public finance with private companies that are financially independent; one is simply comparing co-operatives in receipt of state aid with private companies in receipt of similar aid. The question then becomes, who utilised state aid most effectively to maintain and improve manufacture, and to promote employment and other social benefits ? One might have assumed that the use of public money to fund co-operatives rather than private concerns would have been widely welcomed as a just, and logical, reform. However this was not so.

One original basis for the criticism and antagonism directed at the co-operatives were the unsympathetic IDAB reports that strongly advised against government assistance. The Industrial Development Advisory Board was established by the 1972 Industry Act (Part II, Section 9), and maintained by the 1975 Industry Act. Members of the Board included "persons who appear to the Secretary of State to have wide experience of, and to have shown capacity in, industry, banking, accounting and finance." There was therefore a traditional business orientation in the composition of the Board, and although there was

a nominal trade union representative, in the shape of Harry Urwin of the TGWU, this in itself caused difficulties. Sir Peter Carey, the Secretary of the DoI pointed out that "in certain of these cases the advice of the Board was not wholly unanimous." (Minutes of Evidence, Committee fro Public Accounts, 17 May 1976, para 2614,p374). Thus it is quite conceivable that the trade union representative on IDAB could have voted in favour of the co-operatives receiving funding, yet Conservative MPs were able to argue that 'IDAB, on which there was trade union representation, had rejected the co-operative funding.' If the the composition of the IDAB was inherited by the incoming Labour Government in 1974 from the previous Conservative administration, precious little change had occurred in the composition of IDAB by the end of Labour's term of office in 1979.

IDAB received the highly critical reports on the co-operatives prepared by the Industrial Development Unit (IDU) which focussed on the weaknesses of the three enterprises and ignored their strengths; some of the civil servants who composed the IDU were present at the deliberations of IDAB, and so there was little chance of their case being refuted. IDAB noted that these were failed businesses trading in depressed markets which rendered the commercial prospects of the co-operatives doubtful and therefore disqualified the possibility of aid. However the Board could not have made a rigorous examination of the historical reasons for the failure of these concerns. An inadequate product base and conflictual industrial relations were the obvious problems the Board recognised, but this ignored the long record of lack of investment, high dividends, lack of product development, and general mismanagement at each of the plants. All these problems were remediable, especially with a willing workforce, a factor which the Board refused to take properly into account. Many companies which approached the Department of Industry for assistance

are in some kind of commercial difficulty. There is no acceptable reason why, if state aid is allowed to private companies in difficulty, it should not be allowed to companies experiencing similar difficulties, whose workers wish to convert it to a co-operative.

Another IDAB claim was that the co-operative venture was an expensive way to preserve jobs, however this is highly dubious. The rate of investment assistance per job is difficult to estimate accurately, however in advanced technology industries, and most manufacturing industry is moving in this direction, the rate of investment per job is currently as high as £20,000 - £100,000+. In some spectacular cases the Department of Industry granted extremely large sums for what seemed the creation of comparatively few jobs by private companies, such as the £147 million granted to Ford Motor Company to build the engine plant at Bridgend. Furthermore, private employers have shown an ample dexterity to utilise the full benefits of government aid, and then to move their accumulated capital elsewhere, something a co-operative would never do. (Craig et al, 1979) The IDAB reports dogged each of the co-operatives throughout their lives, and set the tone of much of the media treatment of them. The attitude of IDAB also reinforced the hostility of the Cabinet Committee which dealt with industry affairs, and when asked by Kilroy Silk, the MP for Kirkby, how many companies were barred from further assistance under the Industry Act, an embarrassed Eric Varley, the Secretary of State for Industry, had to admit only three - the three Benn co-operatives. (Eccles, 1981, pp 129-132) •

A particularly fierce echo of the critical IDAB reports on the co-operatives occurred in the House of Commons Committee of Public Accounts, chaired by Edward du Cann, an MP and merchant banker. The Committee agreed that it was unwise to aid failed enterprises, and establish co-operatives with poor prospects, and implied it was to

do the co-operative movement a disservice and prevent experiments with more chance of success: "We recognise the co-operatives role as experiments in industrial organization, but in our view their inheritance of the problems of failed enterprises and the adverse economic climate in which they came to life reduced their value in this respect, and may well have harmed rather than furthered their cause." (Sixth Report of the Committee of Public Accounts, 1975-76, pXVI, para24) The crucial question which the committee did not accurately address was why, given that the co-operatives faced the inherited problems of failed businesses and depressed markets, the DoI compounded the commercial problems of the co-operatives immeasurably by under-funding the enterprises. The Secretary of the Department admitted to the Committee, that the Department itself thought that the funding applications of Triumph Meriden and KME were "tight", and with KME drew "attention to the fact that insufficient allowance had probably been made for inflation in arriving at this figure (£3.9 million) and that in the circumstances, when the co-operative was starting work, and we knew that there were going to be very heavy losses at the beginning, the provision of working capital was probably insufficient." (Minutes of Evidence of the Committee of Public Accounts, 17 May 1976, p379, para 2675) Indeed both IDU and IDAB had felt that £4.75 million was nearer to KME's real requirements than the £3.9 million awarded. (Eccles, 1981, p81)

Yet the members of the negotiating teams of the co-operatives were firmly convinced that the DoI civil servants were extremely reluctant to invest the sums originally requested. let alone greater sums, however essential this might be for the viability of the enterprises. The civil servants, influenced by the controversy which surrounded the co-operatives, but also by their own values and practices, did nothing to dispel the co-operators fears. KME

suffered the consequences of its original underfunding which prevented essential product development; with outdated product and plant Triumph Meriden survived purely due to the self-sacrifice of the workforce; and the failure of the Scottish Daily News, upon which the gloomy assessment of the committee was particularly based, did not occur for the reasons offered by the committee.

However well disguised, it seems that the origin of the committee's objection to assistance for the co-operatives, as indeed the objection of IDAB, and other government bodies, was the nature of the stewardship the government funds would receive: that is a profound hostility to the idea that workers representatives should be responsible for the direction of a company, and the control of its finances. Although there was an admitted shortage of specialist personnel in the co-operatives, which they did not have the resources to recruit. other elements of management apparatus, particularly at executive and first line management levels, were consciously dispensed with at the co-operatives. Yet the committee translated this into what it simply described as a "weak" management structure, and the Secretary of the Department of Industry reached the somewhat unimaginative conclusion that "as far as monitoring is concerned, we have learned a considerable amount from these particular cases and this particular form of organization. One of the lessons is that good professional management is a sine qua non for success." (Minutes of Evidence, Committee for Public Accounts, 17 May 1976, p386. para 2747).

CHAPTER SIXCO-OPERATIVE DEVELOPMENT: THE MARKET CONSTRAINTS TO SELF-MANAGEMENTIntroduction

The resurgence of intellectual interest in workers co-operatives over the last decade has greatly outstripped their practical achievements so far, with a proliferation of bodies advocating, studying and assisting their growth. Despite their seemingly radical connotations support for workers co-operatives stretches across the political spectrum, though conflicting orientations conceive of widely divergent implications of co-operatives. Several distinct political approaches to co-operatives are discernible including socialist, utopian socialist, and utopian capitalist. The purpose of this chapter is to assess the validity of each of these approaches to co-operatives in relation to the contemporary experience and debate concerning workers co-operatives.

Beneath the heady rhetoric a number of general assumptions are shared by most advocates of workers co-operatives:

- a) co-operatives provide greater security of employment, by investing people with the ownership and direction of their own employment organizations;
- b) co-operatives provide better pay and conditions for all by eliminating profit, wasteful overheads and extravagance. Alternatively, if improved material rewards are not possible, there is greater intrinsic satisfaction in more meaningful work.
- c) co-operatives allow democratic control by enabling workers to participate in decision making, creating the opportunity for personal development as partners in production rather than wage labour;
- d) co-operatives stimulate increased production and efficiency by encouraging the commitment of workers. Alternatively co-operatives produce better products which are more socially useful.

e) co-operatives make capitalism less conflictual, more rational and tolerable. Alternatively, co-operatives are productive prototypes of a socialist pluralism of the future.

The achievement of each of these benefits by co-operatives, is often treated almost as an article of faith by co-operative theorists, yet the contention of this chapter will be that the achievement of these benefits by co-operatives is problematic and cannot be assumed. In fact the historical problems of producer co-operatives, which have traditionally limited their growth and distorted their form, are frequently reproduced in contemporary co-operatives. However, if as in other periods of protracted recession in the 19th and early 20th century, there has recently been a large wave of producer co-operative development, the question to be asked is whether this is based on a firmer foundation and will prove more durable than in the past ?

Socialist Political Economy: Productive Prototypes of Socialist Pluralism

"It is the business of the International Working Men's Association to combine and generalise the spontaneous movements of the working classes, but not to dictate or impose any doctrinary system whatever. The Congress should, therefore, proclaim no system of co-operation but limit itself to the enunciation of a few general principles.

a) We acknowledge the co-operative movement as one of the transforming forces of the present society based upon class antagonism. Its great merit is to practically show, that the present pauperising and despotic system of the subordination of labour to capital can be superseded by the republican and beneficent system of the association of free and equal producers.

b) Restricted, however, to the dwarfish forms into which individual wage slaves can elaborate it by their private efforts, the co-operative system will never transform capitalistic society. To convert social production into one large and harmonious system of free and co-operative labour, general social changes are wanted, changes of the general conditions of society, never to be realised save by the transfer of the organised forces of society, viz., the state power, from capitalists and landlords to the producers themselves.

c) We recommend to working men to embark in co-operative production rather than in co-operative stores. The latter touch but the surface of the present economic system, the former attack its groundwork.

d) We recommend to all co-operative societies to convert one part of their joint income into a fund for propagating their principles by example as well as by precept, in other words, by promoting the establishment of new co-operative fabrics, as well as teaching and preaching.

e) In order to prevent co-operative societies from degenerating into ordinary middle class joint stock companies, all workmen employed, whether shareholders or not, ought to share alike. As a mere temporary expedient, we are willing to allow shareholders a low rate of interest.

(Karl Marx, Instructions for Delegates to the Geneva Congress, 1874, p 90).

Socialist advocates of workers co-operatives often claim the endorsement of Marx, who offered critical, but enthusiastic, support for the co-operatives of his own time, which he maintained, like the Factory Acts limiting the hours of labour, represented important advances of the political economy of the working class. But this address was intended for continental socialists drawn largely from an artisan background and committed to co-operative production. Socialists in the last decades of the 19thC faced with the concentration and centralisation of capital came to advocate the socialisation of ownership on a collectivist basis, and regarded producer self-management as an archaic view, encouraged by the conservatism of its surviving exponents. (Hyman, 1981) Yet the orthodox authority structures and traditional division of labour adopted by the nationalised industries in the 20thC persuaded some socialists that workers co-operatives held out the hope of rekindling the essential democratic basis to a socialist economy which was smothered in the authoritarianism of centralised state capitalism. They regarded the struggle for workers co-operatives as an important working class

initiative, that demonstrates the practical relevance of socialist ideals for employment and work organization. Whilst the limitations upon the achievement of a co-operative economy within a capitalist market system are appreciated, it is conceived that co-operatives, primarily demonstratively, can both contribute to the struggle to transform capitalism, as well as providing productive prototypes for a socialist pluralism of the future.

The most active and influential of the socialist supporters of co-operatives is the Institute for Workers Control (IWC), which since 1968 has disseminated a wide range of publications demanding workers control throughout the labour movement; won the sympathy of a number of trade union leaders and Labour MPs, particularly Tony Benn, and was closely involved in the fortunes of the three large co-operatives established with the assistance of Department of Industry funds in 1974-75: Triumph Meriden, KME, and the Scottish Daily News. The leading exponents of the IWC's approach have explained the role of the Institute insisting:

"We do not see this role as one of intervention, from outside so to speak, but rather as a participant educational, and self-educational, interpretative and analytic one...Our commitment is... basically an educational one, in that it leaves workers to develop their own theoretical apparatus, from what they have learned of past experience; and from what they reject, as well as what they assimilate, from accumulated socialist theory, in their efforts to find solutions for practical problems The IWC is not a sect; it is primarily an organiser of discussion and a movement of ideas. Our own ideas.. are but one part of that movement. They are but a conscious distilling of the experience of working class struggle; their test must always be how far

they "take" and are found to be useful in that struggle".

(Barratt Brown, Coates and Topham, 1975, pp. 294,306).

But the influence of the IWC on the formation of the three government assisted co-operatives was more instrumental than simply educational: they encouraged Benn to make the experiment, helped to create a favourable climate of support among left-Labour MPs and trade union leaders, and nourished whatever inclinations towards the co-operative alternative they discovered among the leading shop stewards of the three organisations. In the celebratory account and analysis published by the IWC The New Worker Co-operatives, (1976), the impression is firmly conveyed that the three co-operatives were the result of a victorious workers struggle: "The great strength of the present movement, unprecedented in our earlier history, is the largely spontaneous demand from the shop floor for the co-operative organisation of industry as a response to the economic crisis." (p.185). Benn maintained that these particular factory closures led to the formation of co-operatives, whereas others at the time did not, because of the determination and resilience of the struggle by the workers involved. This analysis conflates the workers occupation of their factories in demand of the right to work with the establishment of the co-operatives, whereas it could be argued that the decision to establish co-operatives was grafted on to the workers struggle as a pragmatic compromise, attainable due to the temporary strength of the left of the Parliamentary Labour Party.

There is little evidence that the workers involved willingly chose the co-operative alternative, or were originally committed to specifically co-operative principles: they wanted secure and useful employment, recognised that some form of workers control was necessary, and were exasperated by the poor performance of the private companies they had experienced. The decision to set up co-operatives was a pragmatic choice under the influence of Benn and other advisers. Nationalisation

was favoured by more militant workers, and others at Meriden and Kirkby favoured a takeover by a large company such as British Leyland. The interest and enthusiasm which the co-operative idea eventually evoked among the workers did not originate with them. The consultations which Benn, as Secretary of State for Industry, had with the senior stewards of the co-operatives were a major innovation in the relations of government with the trade union movement: barely a decade before shop stewards had difficulty in some industries securing recognition by their own trade union leaders. However, the secrecy and sensitivity of the negotiations at the Department, precluded the involvement of the majority of workers in the co-operative decision, and although the idea was welcomed, though not uncritically, when it was put to the workers, it was a relatively strange concept. The workers' raw commitment to the co-operative ideal rarely became completely coherent, however their involvement in founding the co-operatives was limited anyway by the weight of outside influence. For example, in framing the co-operative constitutions, the Department of Industry with legal and accounting advisers, drawing upon existing company law and practices, exerted the greatest influence.

The manner in which the co-operatives were introduced highlights a number of serious weaknesses in the IWCs approach to workers control. Firstly, and most obviously, for a body which expresses an unfailing commitment to workers control, the adulation it devotes to labour leaders who express a similar commitment, in this case Tony Benn, suggests that the IWC might be as happy with hagiocracy as with workers democracy! (Hyman, 1974, pp.265-9). This adulation was extended to all those who assisted the co-operatives, and to the co-operative senior stewards who were active in the formative stages. It might be helpful to offer strong moral support to labour leaders constantly under attack from the capitalist press, but not to focus on them to the exclusion of the ideas

and activities of the rank and file. The reorganisation of the shipbuilding industry and the resulting UCS work-in had painfully brought home to Benn the problem of corporatism: "I think we would be very wise.... to be alert to the danger of corporatist solutions organised and engineered at the top which many Tories would like to see occur .. an incoming Labour Government could not, and should not, think of its industrial policy simply in terms of what a Labour Minister might do in his office, but rather in terms of a partnership between the trade union movement and a Labour Government.... It was out of determination to maintain the Government-Trade Union partnership in being that we began the first experiments in workers co-operatives." (1976,pp.72-6). Unfortunately Benn seems blissfully unaware that he could be merely substituting for a right corporatism (leaders of the state and capital) a left corporatism (leaders of the state, capital and trade unions) in industrial policy. (According to Panitch the corporatist paradigm is understood to connote "a political structure within advanced capitalism which integrates organised socioeconomic producer groups through a system of representation and co-operative mutual interaction at the leadership level and of mobilisation and social control at the mass level." (1977,p.66).) It is true that Benn was careful to negotiate extensively with the senior stewards from Meriden, Kirkby and Glasgow, and in the case of KME actually excluded the managing director of the previous company from the talks. Yet the participation of the shopfloor workers in the decisions concerning the formation of their co-operatives was brief and formal, and in the case of KME at least, completely nominal. Regretably, the realisation that the bureaucratic process begins with shop steward organisation has yet to be accepted in the IWC.

A further weakness of the IWCs approach is the emphasis on parliamentary action to secure reforms developing workers control. In this instance whatever militant orientations existed towards nationalisation under workers control were diverted towards the pragmatism of the more immediately feasible co-operative form. Ken Coates was aware that the co-operative could not be considered outside of the general workers struggle at the time: "In general, the movement to establish co-operative factories cannot be evaluated outside the context of the labour movement which gives rise to it. If producer co-operatives are part of a wholesale onslaught upon the powers of capital, in a dynamic upsurge of trade union and labour action, then they have a quite different meaning, as stimuli and examples, from which they may come to acquire in periods of recession in militant labour activity." (1976, pp22-3). The difficulty with this, is that if the co-operatives were dependent for their survival upon an escalating class struggle externally, the very procedure of establishing the co-operatives defused rank and file activism within these three organisations and discouraged any militant participation in the broader struggle. Indeed in a paper on "The Role of Relaxing Constraints on Government Intervention" (1978), Bradley and Gelb have cynically argued, "In the light of our results, it seems not unreasonable to suggest that attitudes to 'worker control' should be reappraised, not necessarily on ideological grounds, but because of its potential, in certain circumstances, as an effective factor screening and project control mechanism. Worker control may be a useful managerial strategy for the state." (p.4).

Hence the emphasis in IWC literature on finding immediate practical solutions to workers problems, such as in the creation of co-operatives, tends to connect tenuously with the central long-term objective of developing rank and file militancy and working class consciousness necessary to present a general challenge to capitalism. As Hyman has maintained:

"'Socialism in one industry' is an illusion because each industry is a component of an envioning political economy, a structure of political and economic domination.

Whatever control structures are attained on a local or sectional level are subject to virtually irresistible pressures to accommodate 'realistically' to the coercive demands of market forces or government requirements. Yet the perspectives of trade unionists confronting the problems of their own industry or enterprise do not lead naturally to a focus on the questions of state power or of capitalism as a total system: and a lack of attention to these questions is characteristic of many of the IWC publications." (1974,p.252).

Coates has acknowledged the validity of this conception, "the reforms must not be within, but of the power structure. Its dismantling is the prior necessity, outside which lesser reforms are all too apt to come to grief, or even to aggravate the problems they were designed to solve." (1968,p.14). In this light the practice of the IWC might be dismissed as irremediably reformist. However the transition to socialism is not so simple: what of the dilemma of workers faced with closure, and determined to fight redundancy by engaging in protracted occupations? In the absence of a general working class mobilisation against capital, which they alone cannot promote, and with a Labour Government fastidious in its concern not to be associated with random nationalisation, they confront the complex question of what to do next? In the three organisations under discussion this was fatefully resolved in the co-operative compromise. Such occurrences have been elevated by the IWC into an essentially voluntaristic theory of socialist change, as Boddington eloquently affirms:

"Production for social use will long have to live alongside production for money, profit and the market. Co-existence of differently structured, differently motivated economic activities is for long inevitable for two very simple reasons. First, economically the world - thanks to the pervasiveness of the capitalist market - is one world and social change cannot wait in the wings until some supposed day of universal conversion. Second, and more importantly, by its very nature democratic grass roots control cannot be universalised by external decree but must await the readiness of people at the grass roots to exert for themselves control over their circumstances. When the impetus of the new has not brought about change, old ways and structures will persist." (1979, p.24).

Even if operating within this perspective, it is still important for the IWC to conceive precisely what form of change it seeks to promote in its support of co-operative projects. Hyman has isolated three possible objects of the workers control movement: a means of raising consciousness, a source of viable extensions of workers control, or a means to provoke a crisis of dual power. (1974, p.249). Each of these objects requires different strategies: a focus upon raising consciousness would demand an exhaustive propaganda effort which would distract workers from commercial concerns and questions of internal organisation; a focus on extending workers control within an organisation would involve a concentration upon internal questions of commercial performance and democratic organisation; the attempt to provoke a crisis of dual power would necessitate a commitment to contribute towards a general mobilisation against capital whatever the consequences for the organisation itself. The failure to distinguish clearly between strategies reveals an ambiguity in the aims of the IWC, and an uneasy oscillation between reformist and revolutionary programmes:

"It seems to us that there have to be very considerable changes in the balance of power, including a possibly extended, if unstable, situation of dual power, before any revolutionary social transformation comes onto the agenda. Extensions of workers control from wages and conditions to employment and investment policies are all aspects of that changing balance; and while they raise consciousness, they do also have a certain viability before they are sufficiently widespread to provoke a crisis of dual power. The encroachment of workers control is not regarded by ourselves as a gradualist recipe which can avoid violent resistance at some stage; but this is just because each new encroachment is seen as moving towards a real abrogation of the power of capital." (Barratt Brown, Coates and Topham, 1975, p.304).

Leading members of the IWC seem to have a similarly elastic conception of the functions of workers co-operatives: promoting consciousness of the possibility of workers control; providing a valid exercise in workers control; and contributing to a mounting struggle in opposition to capital. Whatever reservations existed about the chances of survival of the co-operatives were subordinated to the belief in the impressive demonstrative impact the co-operatives could achieve:

"Those socialists who say wryly that it is not possible to build socialism in one factory are, however, very wide of the mark. Of course it is not. It is not possible to build socialism in one country either. But if the revolution breaks out in one country, one tries to defend it there. And if we can defend a transformation of the power structure within an individual plant, of course we should try to do so. Such a transformation will have far less social consequences for being a partial one:

but it will still provide a powerful inducement to thought for people outside its immediate range." (Coates, 1976, pp.31-2).

Though influenced by D.C.Jones' critique of the Webbs pessimism concerning producer co-operatives, Coates was aware of the dismal life-cycle which many previously experienced: from idealistic partnership, through capital starvation and intense competition, either to bankruptcy or conversion to joint stock company status. (1976, p.29). Obviously the demonstrative impact of the new workers co-operatives would be drastically diminished if they endured the same fate as their ill-starred predecessors, which was a risk the IWC was prepared to take. Of immediate relevance in the assessment of the possible demonstrative effect of the co-operatives, was the question of the nature of a "partial" transformation of the power structure in the plants. Coates makes reference to the socialist criticism of the severe limitations upon possible reforms attainable in co-operatives due to the insistent pressure of competitive market forces: "it is of course true that the market mechanism must constantly be in tension with any elements of industrial democracy whatever. Over long periods of time the process of democratisation must be seen as a process of limitation, and ultimately of annulment, of blind market powers." (1976, p.19). However Coates optimistically hoped that this problem would be alleviated in the co-operatives by the compensating support of the wider trade union movement; in the case of KME by trade unionists pressing their employers to conclude contracts with KME, which was an observation of little substance based on a casual reference in a television interview. (1976, p.31).

A similar optimism pervaded the description and analysis of the three co-operatives in the IWC study. That they were inherently democratic organisations was treated as an article of faith: "None (of the three workers co-operatives) became registered under the legislation governing the formation of co-operative societies, for a variety of

technical and legal reasons. All chose instead to register as companies under the Companies Act, having provided themselves with statutes, Memoranda and Articles of Association which enjoined the strictest participating democracy." (1976,p.16). This rhetorical flourish by Coates was far from the truth, a rationalisation based on ignorance rather than a desire to mislead: there were democratic shortcomings in each of the co-operative constitutions and they certainly did not promote a participatory democracy. The exaggeration of the level of democratic control in the co-operatives was accompanied by a general exaggeration of the degree of change introduced in each of the co-operatives in work organisation and job control. Confronted by the necessity to produce immediately for the market, only a few important changes were actually attempted or successfully implemented, especially at KME. The fact that immediate commercial difficulties were faced in each of the co-operatives, which proved almost impossible to overcome with the resources available, reveals another shortcoming in the analysis of the IWC: the idea that the main reason for closures is often management negligence or inefficiency, which therefore makes possible dramatic improvements when the workers take over control of production. (Clarke, 1974). Regrettably the reasons for factory closures run deeper than management failure: not simply in the structural lack of industrial investment in the British economy; and periodic economic crisis; but in the fact that in restructuring capital managers often make conscious decisions to close plants as part of corporate plans made in response to the competitive market position. (Wood, 1978,pp. 405-6). In this context it is utopian to expect workers co-operatives emerging out of closures to do anything but battle for survival. A final weakness becomes apparent, in the strategy of the IWC of opening the books' to workers. As Barratt Brown, Coates and Topham claim, "large numbers of workers have indeed come to

understand the books. The history of industrial relations at Fords shows this very clearly, as also do the successful struggles to found worker co-operatives in Liverpool, Meriden and Glasgow." (1975,p302). Nevertheless, the dubious implications of this achievement identified by Hyman, were painfully brought home to members of the co-operatives: firstly the books placed sharp restrictions upon the possibility of internal reforms; and secondly, knowledge of the books dichotomised the co-operative members into those privileged with the information that structured decisions and the great majority without information or influence.(1974,pp 245-7).

Demoralisation ensued, with internalisation of the reasons for failure, rather than attributing them more accurately to the irrational operation of a capitalist economy. Thus the political support of the IWC for the launching of the three large co-operatives amounted in practice to abandoning workers in these organizations to take responsibility for the previous mistakes, neglect or deliberate rundown of their respective companies by private enterprise.

As the person most responsible for a unique "social experiment" Benn emphasized the importance of proper empirical investigation:"We now need to study the experience of these three co-operatives and study it in detail, and carefully, with those involved so that we may learn something from it."(1976,p78).

Opinion varied among researchers as to why the co-operatives proved so disappointing in practice, however some broad conclusions may be supported. Enveloping commercial pressures forced in upon the co-operatives immediately, and were compounded by their serious under funding. This imposed the primacy of commercial considerations and curtailed co-operative experimentation completely. Few workers in the co-operatives had a detailed impression of what a workers co-operative should be, but they almost all had a clear sense of being subject to controls which they were largely powerless to

resist. They hoped that they had escaped the insecurity and irrationality of their recent past under private enterprise, but found they were still confronting similar problems: an unpredictable market; fierce competition; financial difficulties, particularly cash flow and insufficient capital for investment. The result was constant demands being made upon the workers for higher output, interspersed with abrupt lay-offs. In fact the central features of the co-operative work experience resembled those in other factories under public and private ownership: the work organisation, shift systems, payment systems, conditions, holidays, and supervision were similar to those existing elsewhere. Meriden took the brave step of adopting a common wage and abandoning close supervision, together with introducing more flexible conditions of work: however these conditions reflected more the high proportion of skilled men employed, and the controls gradually won by craft unions in the past, rather than any conscious adherence to co-operative principles.

Most workers in the co-operatives were expected to play a relatively passive role in the decision making process, and most decisions were made by the convenor-directors at KME, and an alliance of senior management and worker directors at Meriden and the SDN. One reason for the passivity of the co-operative rank and file was that work tasks were generally as exhausting as in any conventional factory. The division of labour into fragmented and frequently stultifying repetitive and arduous work remained, particularly at KME where there was a high proportion of semi-skilled work. Beyond the few members of the board of directors, the skills developed by the co-operative workers were little greater than in other factories. Workers had greater access to information, but generally did not have the time, resources or opportunities to understand and discuss the information, or

to make decisions on the basis of it. On the rare occasions they did make their voices heard they were usually ignored, or persuaded that what they were suggesting was impossible.

When the initial enthusiasm for the co-operative began to wear off, workers were left asking the pregnant question, "What has changed?" Significant improvement in work experience under co-operative production, is usually assumed rather than examined by co-operative advocates, existing economic and technological constraints are underestimated, and in particular, the capacity for market forces to impose unacceptable conditions of work is not appreciated. Even the most basic desires of the workers for secure employment and reasonable pay, remained unfulfilled. Pay in the co-operatives was lower than that of similar work in adjacent factories. Workers at KME fondly remembered when due to the effectiveness of their trade union organization they had secured the top wages in the area under private ownership. Such factors caused workers to question the validity of the co-operative experiment, and idealism wore thin. The conditions in the co-operative fostered the return of old attitudes towards work, which were a rational response since so little had changed. Work effort and enthusiasm fell from the euphoric heights it initially achieved: at KME workers completed their 'score' and downed tools. At Meriden it proved difficult to meet output targets when the order book was full. Defensive responses were also prompted by the persistent insecurity of employment the workers faced. At the SDN the predictions of imminent closure began in the first week of production, at KME and Meriden lay-offs were frequent, and large scale redundancies occurred. Whatever potential there was for improvements in workers control at the co-operatives, was to a considerable extent wasted because of the failure to develop an informed and participative rank and file.

In terms of the grãnder political goals of the co-operatives supporters the achievements were dismal. As hopes of co-operative purpose and control were crushed under the weight of the insistent antagonism of market forces, and as the vulnerabilities of the organizations were increasingly exposed, the political consciousness among the workers which had ignited in the original factory occupations in opposition to redundancy, evaporated and was replaced by a divisive defeatism which allowed the dismantling of all the co-operatives, the closure of two of them, and the reduction to a shell of Meriden. Though the co-operatives proved conclusively that trade union representatives could assume management roles, since in the process they also became immersed in market and management priorities, not only was workers control a mere facade, but the possibility of effective trade union representation was eliminated. Finally, far from contributing to an escalating class struggle provoking a crisis of dual power, the funding of the three co-operatives formed part of a successful attempt on the part of the Labour Government to divert the intense industrial militancy of 1974. As for the more practical achievements of the co-operatives: KME and Meriden each provided work for seven hundred people who may otherwise have remained unemployed. They did demonstrate, to the wider public at least, that large scale organizations structured as workers co-operatives were possible. However for the demoralised workers who experienced the disappointment of finding that their co-operatives offered no escape from the insecurity and exploitation of capitalism the chief lesson was a negative one: the severe limitations upon possible reforms attainable at the enterprise level within a market economy.

The IWC has not yet appreciated the extent of the disaster of the co-operatives and has limited comment on their experiences largely to condemnations of the hostility displayed by government officials towards the co-operatives

survival. After a succession of published accounts concerning the democratic failings of the co-operatives, including reports from management consultants shocked at the KME bossdom, Coates could repeat verbatim his judgement that the co-operatives "enjoyed the strictest participating democracy." (1981, p140) Operating with such mistaken assumptions the problem for the IWC simply becomes that of electing a stronger Labour Government and enthusiastically attempting more co-operative experiments without adequately appreciating the reasons for the failure of previous efforts. The focus of the IWC upon co-operatives and other forms of industrial democracy systematically distracts attention away from the dominance of national and international capital through the world market, and the importance of the industrial struggle to achieve public ownership and a planned economy. (A debate recently crudely resurrected by Scargill and Kahn, 1980). Democratic central planning and decentralised implementation may be a distant and complex goal, but the support of industrial democracy schemes which integrate workers representatives within existing control structures, or co-operatives submerged in a market economy, does little to bring it any closer. Attention should be directed primarily at how workers struggles in the large scale enterprises which dominate the economy can achieve a system of accountable, democratic control within a framework of public ownership. To refer, as Coates does, to the unpopularity of nationalisation in the hope co-operatives may provide a more popular alternative is to evade the problem. To stress that nationalisation is synonymous with the rationalisation and elimination of jobs is to neglect the fact that the same economic forces which determine mass redundancies in the nationalised sector will impose a similar fate upon co-operatives, probably more abruptly with less chance of escape. (1981, pp149-157). Coates has now acknowledged that co-operatives are more suited to small scale, local initiatives based on social planning for community needs. However the IWC remains committed to the view that redundancy struggles which lead to militant occupations

should found workers co-operatives. (Coates, 1981,p133). Far from a successful formula for socialist advance, this course has been shown to involve potentially disastrous consequences.

The Socialist Environment and Resources Association (SERA) has put forward a more coherent strategy of the role of co-operatives in socialist change. SERA is committed to responding to the acute problems of unemployment in declining inner city areas and depopulated rural areas by encouraging small scale co-operative initiatives to meet local needs, employing socially responsible technologies, and building skill back into the labour process, thus "bringing back local generation, ownership, social control and reinvestment of wealth by those who work to create it and encouraging the valuing of meeting social need over merely maximising the return on capital invested. This is essentially a political decision expressing the faith that given the right conditions people can begin to resolve their crisis. It is also unashamedly socialist in affirming the need for social planning and control.."(SERA,n.d.1,p6). Co-operative projects with which SERA is associated are funded largely by the Local Authorities or state, in the Urban Aid, or MSC programmes, and although SERA insists that control should remain with the co-operative members, responsiveness to community needs should clearly be an important factor in obtaining funds from these sources. Political and economic links between the co-operatives could begin to create a non-market sector co-ordinated by local Co-operative Development Agencies (CDAs), as Taylor has maintained:

"The co-operative idea has always been regarded as more than a method of establishing businesses. It is concerned with transforming society by changing the control of economic activity. It is a form of practical socialism. Local CDAs can link co-ops together so that they can support each other, trade with each other, gain greater independence from the private market,

and develop a wider consciousness of the need for social and environmental responsibility."(n.d. p2)

Among SERA activists there is an awareness of the political failure of commercially inclined co-operatives: "there are forms of co-op which aim to motivate members through the growth of their individual capital stake .. co-ops based on the urge to accumulate capital will not act as method of changing the private enterprise system."(Taylor,n.d. p9).Particular attention is devoted to devising appropriate alternative products and technologies which are both socially and environmentally responsible: alternative energy systems; longlife durables; small scale food and drink processing; waste recycling; natural materials processing. SERA's links with the Centre for Alternative Technology have led to an active involvement in the possibilities of developing workers alternative plans for useful products, particularly that of the Lucas Aerospace workers. Though little success is yet recorded in applying the more ambitious alternative products and technologies in the manufacturing sector, the philosophy of SERA is to some extent vindicated in the considerable growth in the service sector of wholefood stores, alternative bookshops, printing and publishing, and other craft work. Though the connotations of an underground sub-culture survive, every city is now served by several stores offering goods and services which previously were almost unobtainable. Whether this movement is capable of more extensive development, or whether it will continue to cater for minority needs, remains to be seen.

Problems with the SERA approach involve the emphasis on direct democracy that restricts enterprises to the smallest scale. As with other small businesses the failure rate is high, which would increase the tension between political ideals and the urge for survival. When engaged in commercial trading people dedicated to transforming society, often find it is they who are transformed, not society. More specific criticisms include the failure to relate closely to the trade union movement, co-operative enthusiasts often attempt to impose the concept, without proper regard for

the implications for trade union organisation, thus SERA proposed a plan of action involving, "Full discussions with the labour movement leading to a political decision to establish workers co-operatives."(n.d.,p8) And in the final analysis, however imaginative and stimulating, the futuristic idealism of the SERA programme often seems remote from the day to day struggles of ordinary workers.

Under the influence of the Webbs pessimism, the Labour Party itself has traditionally been cautious about the concept of workers co-operatives, and in response to the growing interest in co-operatives the 1974-79 Labour Government offered only nominal concessions. (P. Clarke,n.d.) However in a reply to a resolution passed at the 1979 Labour Party annual conference asking the National Executive Committee to present a report "outlining the ways in which future development of co-operatives can contribute to Labour's goal for social control of a planned economy", an NEC working group produced proposals offering a "bolder approach" to the encouragement of workers co-operatives. Realising that the conversion of failed private businesses is the worst possible legacy for a newly formed co-operative and that in many other circumstances, such as takeover or restructuring, workers are faced with redundancies which are difficult to resist by conventional means, the group suggested a dramatic alternative:

"The key principle of our new approach is quite straightforward.

It is that if the workers in a private firm decide that they wish to convert their enterprise into a workers co-operative,

they should have the legislative right, subject to the

consent of government and the conditions we outline below,

to acquire the assets of the firm and, if necessary to receive

some financial assistance for the purpose." (Labour Party, 1980, p22)

The report outlined a simple procedure by which workers could transform their company into a co-operative: a submission would be prepared for the

proposed Co-operative Development Advisory Board; an Official Trustee would take control of the assets of the company while the CDAB assessed the viability of the project. If the CDAB recommended positively then financial assistance would be granted to the workforce and the firms assets would be purchased. A sum of £100 million per annum would be set aside for CDAB for this purpose, together with a further substantial annual public grant to a Co-operative Investment Bank, to compensate for the hostility of private financial institutions to co-operative ventures. On this basis an impressive expansion of the co-operative sector is envisaged:

"At present workers co-operatives in this country represent a negligible proportion of economic activity, even in the small firm sector. We hope that workers co-operatives could account for at least five per cent of total industrial and commercial activity within a decade. If such a proportion were attained, the British workers co-operative movement would be almost five times the relative size of the Italian movement, by far the largest in Western Europe. A major expansion of co-operatives would therefore play an important part in the planned regeneration of British industry under a Labour Government."(1980,p31)

These proposals are extremely interesting. For the first time a Labour Government would be prompting spontaneous extra-parliamentary industrial action by workers, whereas always in the past Labour Governments have attempted systematically to suppress and constrain such action. (One might well ask if workers are to be allowed similarly to demand nationalisation under workers control ?) However historical experience has a sobering effect: the CDAB proposals for the encouragement of co-operatives, resemble the plans for a National Enterprise Board designed to regenerate large sectors of British industry. The furious opposition of private industry, finance, management, and the civil service, at the implications of the CDAB for private businesses, would almost certainly lead to the retreat of

a Labour Government faced with economic dislocation and sabotage, and the neutralizing of the CDAB, just as the NEB was reduced to the status of a small merchant bank. The fundamental problem with the CDAB, as with the general Alternative Economic Strategy of which it is part, is that it places too much confidence in the possibility of parliamentary directed change and underestimates the constraints which national and international capital impose upon the political process and economic structure. Though potentially the CDAB proposals could contribute towards a rapidly expanding and integrated co-operative sector, "a coherent and politically conscious workers co-operative movement", in practice a more likely scenario is that only unwanted or loss-making businesses would be converted into co-operatives. In this context workers would probably find that their enterprises were almost as isolated and vulnerable as the three co-operatives funded by Benn. Operating in a market economy they would find similar insistent pressures and experience sharp disappointments regarding wages, conditions, the division of labour, organisation and control. The simplistic constitutional devices offered in the report, would actually provide no protection to withstand such powerful anti-democratic influences, and all that is left is wishful thinking: "Above all, because co-operatives are democratic and controlled on a one-member, one-vote basis, they afford the opportunity for the maximum participation by their membership." With reference to the difficult and complex role which trade unions have discovered when attempting to operate in co-operatives the report is equally simplistic:

"In fact, far from eliminating the need for trade unions, the spread of workers co-operatives would place equally important demands on their services, in terms of negotiations of wages, and conditions, the resolving of conflicts within the co-operative, and the representation of the interests of worker members, ensuring internal democracy and protecting the interests of individual workers."(1980,p29)

In conclusion, however inspirational, the Labour Party report tends to underestimate or ignore the central political and economic problems of co-operative development in a market economy, if, as they insist, they envisage co-operatives as a component of socialist change. Indulging in naive co-operative rhetoric is no substitute for rigorous analysis of realistic possibilities, as in:

"We believe that the co-operative form of organization offers a true socialist approach to economic planning and development... They enable us to practice socialism in our current mixed economy, and better still, give us an ever-widening circle of workers, experienced and trained in self-management and with the practical knowledge to help extend the frontiers of socialism. Not only will they know all too well the deficiencies of capitalism and private enterprise but can guide us more safely from their islands of socialism till we reach the shore of the socialist mainland."(1980, p6)

One suspects that within the framework of a mixed economy, workers endeavouring to develop self-management will learn the deficiencies of co-operativism too, and that there are no short-cuts to socialism.

Utopian Socialist Political Economy: The Co-operative Commonwealth

In contrast to socialists who regard co-operatives as part of the transition to a socialist economy, co-operative idealists, working within the conception of a co-operative commonwealth, are prone to value workers co-operatives as an end in themselves. The Industrial Common Ownership Movement (ICOM) is at the forefront of this movement, and sees itself as overcoming the neglect of producer co-operatives by the established retail co-operative movement. ICOM originated in 1958 as the "Society for Democratic

Integration in Industry" (Demintry), and was formed on the initiative of Ernest Bader, the founder of the Scott Bader Commonwealth with the object of persuading other entrepreneurs to follow his example in handing their companies to their employees. ICOM has never shaken off this paternalistic, Christian, and somewhat eccentric origin, but more seriously, still operates with an essentially unitary conception of authority in industry:

"We believe: that the increasing tension of our industrial society will be resolved only by changing the basis of ownership in order to establish common interest instead of conflict, that, in order to achieve quality of life at work, enterprises must be owned and controlled democratically by all those working in them, bound together as a group with social as well as economic objectives; that labour should employ capital instead of capital employing labour." (ICOM leaflet)

ICOM upholds a relatively pure form of producer co-operation: that all workers in co-operative may be members of it, that the general meeting should decide policy and control funds, and that any loans should be at a fixed rate of interest. Since 1978 there has been a rapid growth of co-operatives registered with ICOM from 27 to 224, though largely these are very small businesses. (Workers Control, 1980, 4, p23) ICOM has a diverse range of member organizations from radical newspaper co-operatives, through counter-culture wholefood stores and craft shops, to the conservative Scott Bader chemical company. This diversity contributes to a confusing air of political schizophrenia with "anarchists, libertarians, christian socialists, Tribunites. Co-operative, or Labour Party supporters, or non-aligned Socialists or Marxists." (Thornley, 1979, p9), engaging in a fair amount of political in-fighting despite the public image of a harmony of interest. The rival orientations within ICOM are so distant, that it is surprising that they can be contained within the same body, as illustrated in two contrasting contributions to the 1978 annual conference:

A: "ICOM may be either a radical advance vanguard moving towards a socialist society in which everyone will be able to maximise his/her potential to the full, or it may be seen as a means of rescuing a capitalist system in decadence. I am committed to ICOM because I believe it can be the former. This means that ICOM must be a united UK body composed of and controlled by an active mass membership."

B: "When looking at the democratic and commercial aspects of co-operatives, the discussion has been solely of democracy. Surely the validation is to tap some sort of creative and co-operative way of working - then we should make a good living out of it as well. Clobber the competition and give value for money. Rather than a democratic phrase book and rock bottom prices we need professional organization and thrust, that is often forgotten."

Thus while many of the younger, smaller co-operatives affiliated to ICOM have revolutionary inclinations, in the larger and older enterprises, especially the influential Scott Bader co-operative, management have retained control despite the concession of democratic forms. Inequalities and differentials persist, and in essence many of the co-operatives are very paternalistic bodies.

An enthusiastic advocate of common ownership, David Watkins introduced the Industrial Common Ownership Act 1976 as a private members bill in parliament, which provided funding for the work of ICOM and similar bodies. Weaknesses in the arguments he has presented for common ownership run through much of the ICOM literature and philosophy. (Watkins, 1978) Firstly, the emphasis on 'ownership': the socialist commitment is to the abolition of private ownership of the means of production; 'common ownership' has connotations of 'collectively owned private businesses'. Co-operatives

therefore, may not be as advanced as other forms of social ownership. Secondly the role of trade unions in co-operatives remains ambiguous: many small co-operatives are not organized in trade unions; other co-operatives undermine established union wages and conditions - co-operatives may provide other benefits to members, but they may endanger conditions achieved elsewhere. Co-operative structures undermine the capacity of unions to oppose management, yet may not provide any other adequate means of representation of workers interests. Thirdly Watkins exaggerates the extent of democratic participation and other benefits which common ownerships provide, for example in Scott Bader or the John Lewis Partnership, where thinly veiled paternalism and anti-trade unionism reigns. Watkins assumes, as do most other proponents of co-operatives that a formal constitution will provide a basis for democratic control, when it is clear that democratic constitutions may be reconciled with the most manipulatory practices as in the past. Finally Watkins underestimates the influence of market forces on co-operatives. If there was the considerable growth of the movement he predicts, though this seems unlikely, then it could be anticipated that inter-co-operative trade would eliminate some of the more damaging aspects of the market by providing a source of finance and more stable demand and supply. However at no stage does Watkins confront the influence of the market, indeed central to his thesis seems to be the free movement of interest bearing private capital.

The consumer co-operative movement has in the past regarded workers co-operatives as an illegitimate child. Assistance with the growth of contemporary workers co-operatives provided by the established co-operative movement will not be without conditions. The retail co-operative societies, Co-operative Wholesale Society, Co-operative Bank, and Co-operative Insurance Society, have responded to competitive pressures by pursuing the same strategy

of concentration and centralisation as their capitalist rivals. Thus co-operative super-stores and hypermarkets are rapidly replacing the corner stores catering for local need, and products and pricing policies are geared closely to those of competitors. Automated technology at the point of sale is being introduced and will permit further centralisation of financial and stock control. Co-operative workers endure poor conditions and wages, typical of the retail trade. Negotiations between the shop workers union USDAW and the co-operative management are as difficult as with private management, as an inspection of the USDAW annual reports reveals. "Recent figures have shown that average earnings for men in retail co-operative employment are approximately £10 per week less than, or 84% of the national average; for women in retail co-operative employment approximately £8 per week less than, or 73% of the national average." Workers control and co-operative purpose are notably absent, and management-worker relations are similar to those that exist in conventional companies: "...all too often a gulf exists between the two sides. At present, decisions are being taken at top level and are so far removed from the shop floor that they have little meaning or impact on the worker. In many cases communications are bad or non-existent, thereby giving rise to misunderstanding and distrust.."(Whatley, 1976, pp109-110) The elected bodies of the co-operative movement are heavily dominated by management, in a survey conducted in the 1950s at least 59% of elected employee directors of retail society boards were of management status. (Rose, 1976, p99)

It is only to be expected that a body so conventional and integrated into existing society should be suspicious and unhelpful towards workers co-operatives which have such radical images. If the Co-operative Union is to become again a force for democratic change in society, one would expect it to begin by restoring its own democratic structure. But the co-operative movement has now been persuaded by activists to adopt a more positive approach to workers co-operatives. The Co-operative Union has

absorbed the functions of the Co-operative Productive Federation into a Co-operative Productive Committee to provide services to producer co-operative that become members of the Co-operative Union. The Co-operative bank has announced a scheme for lending to industrial co-operatives, matching pound for pound the investment of members of co-operatives. Though such assistance may ease the commercial difficulties of launching new co-operatives, it will be an influence towards political respectability. The reservations of Peter Clarke, a Co-operative Party research worker, concerning the Labour Party's new proposals for workers co-operatives are probably indicative of the attitude of the established co-operative movement: that the major opportunity for co-operative growth is in new ventures, and that state involvement in workers takeovers would drag co-operatives into political controversy and damage the movements reputation, with the likelihood of commercial failures in the face of a hostile private economy. (New Statesman, 17 April 1981) It is unlikely that the co-operative movement will do more than assist producer co-operatives to accommodate to the constraints of the market system.

Utopian Capitalist Political Economy: Usus et Fructus

Those who advocate producer co-operatives from within a liberal perspective seem to believe that two hundred years of capitalist political and economic development involving the appropriation of the means of production, the exploitation of labour, the accumulation of capital, and the monopolization of markets, with the resulting class conflict between capital and labour, can be dramatically reversed and replaced by a utopian capitalist system of de-centralized co-operative enterprises operating in a market economy in which workers would own the means of production and receive the full fruits of their labour.

Though this view is becoming popular among a section of liberal economists, the only organized expression of it to emerge so far is Job Ownership Limited (JOL), a right wing breakaway from ICOM. JOL objects to ICOM's emphasis on common ownership, and encourages substantial personal shareholding on the part of co-operative members "perhaps paid for by deductions from wages over two years." Moreover JOL favours the crediting of a substantial part of ploughed back earnings to members share accounts which are only withdrawable on retirement. (Public Enterprise, April 1979, pp8-16) Suspicions that what is proposed is a system of job hire purchase, the industrial equivalent of shackling workers with house mortgages, are quickly confirmed: "Hire purchase terms are in principle available to ease the problem of finding capital contributions." (JOL,1979,p2) It is not surprising that so far there have been no takers for this JOL offer! The director of JOL, Robert Oakshott is infatuated with the experience of the Mondragon group of co-operatives in the Basque province of Spain: "There can be no doubt that here is an enormous success story. In the space of a generation... the Mondragon co-operatives have developed from nothing into a many sided operation which in 1976 employed more than 15,000 people." (1978,p165) For Oakshott and other enthusiasts, the problem is simply how to build Mondragons here: the structural constraints of capitalism are largely ignored, and the major impediments are deemed to be the existence of a developed welfare state and strong trade unions which it is alleged discourage initiative. Hence Oakshott concludes, "For management and the shop floor, were they to join forces in the enterprise, could presumably say goodbye to both outside capitalists and outside unionism. Together management and the shopfloor could build a worker owned democratic economy on Mondragon lines,"(p260) This obsessive idealism is reminiscent of the views of the utopian socialists castigated by Marx:

"Socialists of this kind.. consider themselves superior to all class antagonisms...Hence they reject all political, and especially all revolutionary action; they wish to attain their ends by peaceful means, and endeavour by small experiments, necessarily doomed to failure, and by the force of example, to pave the way for the new social Gospel... They hold fast by the original views of their masters, in opposition to the progressive historical development of the proletariat. They, therefore, endeavour, and that consistently, to deaden the class struggle and reconcile the class antagonisms. They still dream of experimental realisation of their social Utopias, of founding isolated "phalansteres" of establishing "Home Colonies", of setting up a "Little Icaria" - duodecimo editions of the New Jerusalem - and to realise all these castles in the air, they are compelled to appeal to the feelings and purses of the bourgeoisie. By degrees they sink into the category of the reactionary conservative Socialists depicted above, differing from these only by more systematic pedantry, and by their fanatical and superstitious belief in the miraculous effects of their social science."(1968,pp60-61).

It is at this point that increasing numbers of neo-classical economists have entered the debate: repelled by the brutality of monopoly capital and the creed of monetarism, yet remote from the class struggles of workers who endure the effects of this system, they have retreated into the comforting conception of autonomous self-managing producer co-operatives within a market system. Despite the claim that they are advocating a utopian new system, such economists carry with them the conceptual baggage of the old one beginning with the self-interested individual as the basic element of economic activity:

"Since the members of an industrial co-operative - whom we will assume are self-interested - are on the simplest interpretation both the owners and the controllers of their enterprise, the benefits

of their work will accrue to them. This is supposed to enhance their motivation and production compared to the 'employees' of a traditional capitalist firm. Now if the work leads to a collective return then an individual's own contribution will be diluted in proportion to the number of other members of the co-operative. We might expect that the motivation would attenuate with the number of members of the co-operative unless returns accrue on an individual basis as with piece rates. The rationally self-interested individual finds himself in a dilemma in relation to a collective return." (Abell,1979,p5)

Abell seems to recommend what the Webbs condemned as the worst feature of associations of producers: self-interested acquisitiveness and enterprise consciousness. He unwittingly reveals the pernicious individualism which repels active socialists from this co-operative form of organization. Abell continues, "perhaps the rationally self-interested individual will find the co-operative alternative rather unattractive "(p6), and concludes "the prevalence of self-interested motivation" is perhaps a major explanation for the lack of co-operatives. Clearly the co-operative concern for collective and community welfare in the ideal, is antagonistic to such narrow orientations, but to argue this is a major cause of the lack of co-operatives is to ignore the structural constraints of capitalism which confine co-operative opportunities to narrow limits, and prevent the expression of collective co-operative motivations.

The economists conception of the market is also drawn from liberal ideology. Vanek has maintained that not only is self-management compatible with a market system, but that they are mutually supportive: "The optimal form of the self-managed economy or sector is one based on the market mechanism, in the sense that all firms act to the best advantage of their working collectives and whoever else they may be concerned with, while using prices in all product and factor markets as objective signals in their

decision making."(1975,p36) The critique of the market and of commodity production has been the essence of the Marxist critique of capitalism, and only by contrasting 'market socialism' with a rigid and mechanical model of a centralised command economy can market socialists claim that they are constructing a democratic model.(Selucky, 1975,p57) They offer an idealized market, which pays little attention to dynamic processes such as accumulation, technical development, concentration and uneven development, but more importantly, neglects the exploitative impact of market competition on the division of labour, intensity of work, and structure of work organization. Far from the liberation of man, self-management in a market system could provide the conditions for the more effective manipulation of workers. Thus the assessment of performance by the economists in terms of growth, size, efficiency, and profitability tends to be according to the most conventional criteria despite the anti-capitalist rhetoric; and the concession of a limited conception of constitutional democracy does not provide the means to resist such priorities in favour of other interests.

Liberal economists and sociologists depend for empirical support for their self-management theories upon a rosy view of the Yugoslav economic system, and more recently, the Mondragon co-operatives unique achievement, which they have built into an academic mythology. But the belief in a haven of purposeful work and meaningful participation is abruptly dispelled by the terse observations of Jack Eaton in his critique of the experience of work at Mondragon:

"Although the workers nominally own the co-operative enterprises, having paid out or mortgaged themselves to the tune of £2,000, they are really locked into the co-operative because they cannot leave without losing up to 20 per cent of this sum and forfeiting what has accrued to their accounts from the annual profits of the enterprise. Their very wages are regarded as an anticipo or advance on future profits. This engenders tremendous commitment from the labour force in the early stages of a

co-operative since everybody realises how vital it is to make a good start and pay off the loan burden as soon as possible...However, here, as in conventional capitalist companies, ownership is separate from control and the democratic control structures devised by the Caja Laboral Popular (the Mondragon co-operative bank) are ineffective. Every co-operative has a junta rectora or control board which is supposed to consult with and advise management on policy each month. To nobody's great surprise, day-to-day decision making by the technocrats soon takes over...As one worker whom we interviewed put it, 'the co-operative is a good idea but as time passes it falls into the hands of the chairman and the management who, by having more information and resources than the junta rectora, can always make their opinion or point of view prevail.' All the usual mechanisms of managerial control of the workforce exist in the co-operative and there is little room for improving the quality of working life. Scientific management and work measurement are adopted with alacrity. There are clock cards, work study and work measurement, job evaluation and detailed personnel records on absenteeism. The only exception to this are some limited experiments in job rotation and job enrichment at the bigger co-operatives such as Ulgor and Copreci. The constraints upon concerted opposition, let alone strike action, are tight. However, some of the workers we spoke to were believers in strong independent trade unionism rather than the joint consultative and works council type arrangements of their co-operatives. One said that there had been 'no strike action but only because the workers did not know how to unite against management. Significantly perhaps, much of this opinion was expressed by workers at one furniture co-operative which had been created from a failed capitalist enterprise. Conditions in it were Dickensian, overcrowded and squalid and with antiquated machines.' (Eaton, n.d., pp4-6)

It is curious that the publicists of Modragon failed to notice, or mention, the many shortcomings which Eaton identifies; but it is more

than a little disconcerting that so many liberal commentators are so keen to praise a system which is undoubtedly innovative and / ^{commercially} successful, but which developed within the longest surviving fascist state in Europe. Most liberals hastily skirt over the fact that Mondragon developed in Fascist Spain, or attempt to portray it as a pocket of social resistance to a repressive regime, "Spain's Oasis of Democracy" in Oakeshott's terminology. But unfortunately, certain aspects of the Mondragon structure are related to the society within which it formed: the monolithic religious authority structure, "an alliance between the Catholic Church and technology" as one Mondragon manager put it; the absence of a tradition of free dissent, including basic civil liberties; the lack of free trade unions, and the resulting constrained workforce. For the authors of the Anglo-German study of Mondragon, the absence of free trade unions, at least, is no cause for concern: "The role that unions might play within a co-operative economy has not yet been given much attention. Historically, this posed no problem for the Mondragon group since there were no free trade unions in Franco's Spain." (Campbell, Keen, Norman and Oakeshott, 1977, p3). In fact, as Eaton graphically points out, at Mondragon, as in other producer co-operatives, there is a need for trade union representation to resist the unacceptable decisions of management, and to fight for reasonable treatment in such basic areas as wages and health and safety. (Eaton, 1980, p37)

The attractions of co-operatives to utopian capitalists now become clear: co-operatives operating in a market economy are a means to induce liberal capitalist orientations among working people, for whom such orientations have come to be regarded as alien and exploitative. The object for Peter Jay is for workers

"somehow to be 'disalienated' enough to become infected with the entrepreneurial realities which confront their present employers, so that they will accept a non-inflationary, market-determined environment as setting the level of

rewards that can be afforded"(Jay,1976)

For those who perceive workers co-operatives as a socialist advance, Jay's support becomes threatening since it is part of an affirmed anti-unionism: thus his diagnosis of Britain's current economic problems revolves around the belief that they are caused by excessive trade union power, and his prescription is the destruction of that power by whatever means are available. Jay therefore dreams of an economy of labour only sub-contracting by finance capital within a market disciplined by strict monetarist orthodoxy, thus promoting the self-exploitation of workers and eliminating the burden of labour motivation for management.(Jay,1977) As Gregory has argued, conservatives view co-operatives as a route to worker capitalism, a means to sever working class consciousness and action, and Tories, including Sir Keith Joseph, the Industry Minister, have welcomed a limited number of co-operatives dependent upon private capital as a means of fostering private enterprise.(1979) Marx appreciated the significance of this insidious support for co-operatives in his own day:

"The experience from 1848 to 1864 has proved beyond doubt that, however excellent in principle, and however useful in practice, co-operative labour, if kept within the narrow circle of the casual efforts of private workmen, will never be able to arrest the growth in geometrical progression of monopoly, to free the masses, nor even to perceptibly lighten the burden of their miseries. It is perhaps for this very reason that plausible noblemen, philanthropic middle class spouters, and even keen political economists, have all at once turned nauseously complimentary to the very co-operative labour system they had vainly tried to nip in the bud by deriding it as the utopia of the dreamer or stigmatizing it as the sacrilege of the socialist. To save the industrious masses, co-operative labour ought to be developed by national dimensions, and, consequently to

be fostered by national means. Yet the lords of capital will always use their political privileges for the defence and perpetuation of their economic monopolies. So far from promoting, they will continue to lay every possible impediment in the way of the emancipation of labour." (1974,p80)

Contradictions of Workers Co-operatives in a Market System

Individual co-operatives trading in a market can only achieve a restricted and contradictory form of co-operation, since the co-operatives are subject to competitive and exploitative relations of production. Attempting to practice co-operation and compete in a market leads to "impossible internal strains within an enterprise trying to adapt itself to two irreconcilable forms of economic activity."(Fletcher, 1976,p179) The market is a form of social organization that reflects the collective class interests of capital and fragments the working class, thus commercial co-operatives compete not only with capitalist firms but with themselves. The effects of this competition undermine any attempt to create alternative co-operative structures and conditions. Thus the co-operative societies have traditionally resented any claim from the union of co-operative workers for higher pay or shorter hours than existed in capitalist companies, as Beatrice Webb noted:

"So long as the co-operative society.. constitutes only one among other forms of production and distribution.. the co-operative society has to maintain itself in continual rivalry with capitalist enterprise, against which it has perpetually to compete for raw materials, for the services of brain workers and skilled operatives, for customers and trade.Except in so far as it can effect a genuine improvement or economy in management, every step by which it departs from the competitive standard set by its capitalist rivals results in lowering the margin between cost and price. Any wide departure,

whether in the way of higher wages, shorter hours, more favourable conditions of employment, or failing to take advantage of the best terms of obtaining raw materials or of employing the most efficient processes, means failure to serve the customers on the same terms as the capitalist trader. Thus the co-operative society, if it is to continue to exist and make headway against capitalist enterprise, cannot go beyond the currently prevailing conditions of employment.."(1921,p29)

The result of this competitive process, which Webb omitted to mention, is that it is difficult to distinguish any real improvements or advantages for workers employed in commercial co-operatives. The exploitative dynamic of production within capitalism is maintained remarkably intact with devastating consequences for workers:

"The driving motive and determining purpose of capitalist production is the self-valorization of capital to the greatest possible extent, ie the greatest possible production of surplus value, hence the greatest possible exploitation of labour-power by the capitalist."(Marx,1976,p449)

The only solution for co-operatives is to try to escape from the market by attempting to produce for social need, commercial co-operatives which attempt to trade normally, gradually lose any claim to be co-operative organizations in practice.

De-industrialization, Recession and Co-operative Development

Though the various political philosophies discussed have radically different interpretations of the significance of workers co-operatives, they share an optimistic assessment of the potential for co-operative growth. Co-operative development in Britain over the last ten years has occurred in the context of an accelerating de-industrialization and worsening recession. There has been a decline of industrial employment by 4 million jobs since 1966, a total reduction of 34%. In some important industrial sectors the decline has been more serious: 67% of jobs in textiles; 55% in clothing and footwear; 54% in shipbuilding and marine engineering; and 48% in metal manufacture over a similar period. (Thirlwall, 1982) A protracted world recession has eliminated the hope of sufficient growth in other sectors of the economy to compensate for this job loss.

Therefore, as in the past, the most important motivation behind the launch of most contemporary workers co-operatives is the escape from unemployment into more secure and meaningful work. The pessimism of the analysis concerning the prospects for co-operative initiatives must be balanced by the grim prospects of securing any other reasonable form of employment of the people concerned. Moreover there now exists a wide range of support organizations to promote the setting up of co-operatives, including the Co-operative Development Agency, seventy local CDAs throughout Britain funded largely by the Local Authorities, Local Authority Industrial Development Units, Manpower Services Commission schemes, as well as ICOM, JOL, and other advisory agencies. (CDA, 1983)

Together these might have been expected to produce a major wave of co-operatives, and many co-operative advocates referring to the cumulative growth of co-operative registrations, and in particular the rapid increase of affiliations to ICOM, have attempted to give this

impression. However since the failure rate of co-operatives, as of all small businesses, is also very high, a more accurate indication of the rate of co-operative growth than simply the number of new registrations is the total number of producer co-operatives currently in existence and the number of workers employed in them. Though over

Table 2 Number of Co-operatives and Workers Employed 1982

	Co-operatives	Workers Employed
Industrial and Service Co-operatives	490	5,805
Community Co-operative	21	359
Neighbourhood Co-operatives	20	127
	<hr/>	<hr/>
Totals	<u>531</u>	<u>6,291</u>

Source: CDA, Directory of Industrial and Service Co-operatives, 1982.

the last decade there has been a rapid increase in the number of producer co-operatives in Britain from the handful of old members of the CPF, inspection of Table 2 reveals that still the achievements of the producer co-operative movement are very modest. The creation of 531 co-operatives employing a total of 6,291 workers must be compared with the scale of the problem of over 3 million unemployed, and the drastic job losses sustained in repeated company closures: for example 5,000 jobs were lost by the closure of the Chrysler car plant in Linwood, Glasgow in 1981.

Almost all the recently formed co-operatives are extremely small in size as Table 3 shows, and since they are concentrated largely in small scale production and services their capacity for growth is very limited, though certainly there could be a further proliferation of small co-operatives.

Table 3 Size of Workforce Employed in Co-operatives 1982

<u>Workers</u>	<u>Co-operatives</u>
Over 400	2
200 - 399	2
100 - 199	3
50 - 99	11
20 - 49	33
10 - 19	82
5 - 9	162
Under 5	174

Source: Derived from CDA,1982.

Examination of the industries and services in which producer co-operatives are situated (Table 4) reveals that they are heavily concentrated in the retail and food trade, largely wholefoods; in printing and publishing; in building; and in crafts. That is small scale, labour intensive activities serving the local community.

Table 4 Trading Activities of Co-operatives 1982

	Number of Co-operatives
Advisory;Consultative;Educational & Office Services	33
Building;House Renovation and Decoration; Cleaning; Waste Recycling; Architecture; Gardening Services	69
Crafts; Arts; Carpentry; Furniture Making; Joinery	40
Engineering;Electronics;Chemicals;Manufacturing	41
Footwear;Clothing and Textile Manufacture	32
Printing and Publishing	75
Provision and Hire of Transport;Bicycle and Motor Repairs	13
Record; Film and Music Making; Theatre,; Theatrical Agencies	46
Retail, Distributive,Catering and Food Processing	151
Umbrella Co-operatives; Workspaces	15

Source: CDA,1982,p87.

Realistically, the achievements of the new producer co-operative movement remain highly localised, restricted to specific activities, and diminutive in size. Yet the much greater extent of the producer co-operative sector in most other European countries, particularly France and Italy, (EEC, 1982); the severity of the present economic circumstances; and the lack of popular alternatives to economic decline and unemployment which can be readily implemented; necessitates a further theoretical consideration of the range of possibilities for producer co-operative development.

CONTRASTING THEORIES OF CO-OPERATIVE PRODUCTIONIntroduction

In the context of an economy suffering the combined impact of de-industrialisation and recession, producer co-operatives have again become the focus of intense political interest and academic inquiry. However as with ideas on worker participation and industrial democracy, the broad consensus of political agreement in support of producer co-operatives is based on misunderstanding ! There is a basic confusion on what kind of economy and society will be associated with the extensive operation of workers' co-operatives, what type of organization a worker co-operative is, and what is the resulting work situation for co-operators. Misunderstandings in industrial relations are often the basis for agreement. The confusion surrounding the concept of producer co-operatives is convenient because it helps co-operatives to elicit financial, practical and moral support from the state, banks, business, competing political parties, and the labour movement. Co-operatives have been known to present the image of lean, commercially oriented enterprises determined on competitive efficiency to banks when their overdrafts need extending; and the opposite face of a class conscious vanguard of the labour movement when trade union support has proved necessary.

To an extent though, this confusion rests upon real tensions that are found in every co-operative. Despite the image of peaceful harmony often implied by co-operatives, contradictions and tensions are central to their existence as hybrid organizations attempting to carve out a space between capitalism and state socialism. These tensions are inevitable: however pragmatic and profit oriented a co-operative, it usually will possess a formally democratic constitution and ideology, which will lead to a critical questioning by the co-operators that does not normally take place under private enterprise. Equally, however idealistic a co-operative, there will be the continual reminder that it has to produce efficiently and balance the books to survive. It could be argued that there is a need for greater conceptual clarity of the real choices that exist with producer co-operatives. Firstly, a more rigorous analysis of the comparative effectiveness of co-operatives in both commercial and democratic terms is necessary, which might ultimately assist in the growth of co-operatives, or provide a more satisfactory explanation of the reasons for co-operative failure. If there is to be the "democratisation of the social relations of production", (Thomas and Logan, 1982,p199), we need to have a clearer idea of what exactly this is. Secondly, it is important to be able to explain to potential co-operative workers

precisely what they are getting into, so that the explosion of idealism that often fuels the founding of co-operatives does not evaporate when people discover that what has been created is not what they expected, and that things are much as they were, with the consequent disillusionment and despondency that inhibits further efforts at co-operative experiment.

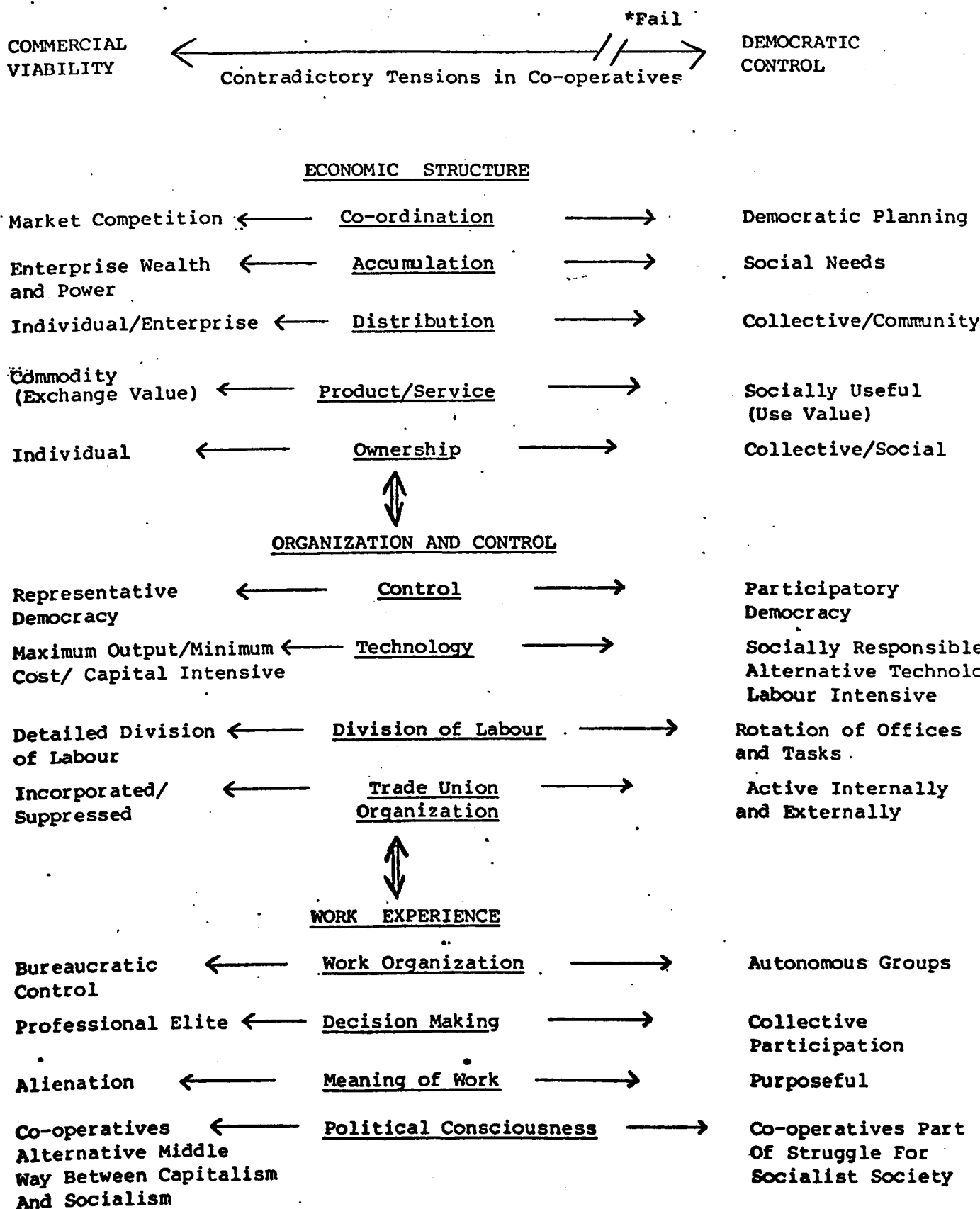
Alternative Structures and Orientations of Workers Co-operatives

What follows is only an outline sketch of the different possibilities for co-operative production, but it does reveal some of the conceptual conflicts that occur, and are often glossed over in the academic literature, or by co-operative advocates, when they do frequently cause real problems in practice.

Many of the conflicts and tensions that surround the concept and practice of producer co-operation may be situated on a simplified continuum of opposing orientations: at one pole the pragmatic pursuit of commercial viability by the creation of co-operative enterprises that will integrate neatly into the existing competitive market economy; at the other pole the idealistic attempt to build alternative democratic relations of production with enterprises that are intended to be fundamentally different from conventional capitalist companies. At the two extremes the organizations that emerge from these opposing orientations are so different, that it is imprecise to refer to both as 'producer co-operatives': perhaps worker ownership is a more accurate description of the first orientation, whilst the term worker co-operative should be reserved for the second. However many co-operatives attempt to steer a middle way between these two poles, and achieve some workable compromise that allows commercial survival with some element of democratic control. If co-operatives concentrate exclusively on commercial efficiency, survival may be ensured, but at the expense usually of any claim to being democratic organizations except in the most formal terms. Co-operatives that concentrate on the pursuit of democracy internally, and to contribute to the struggle for democracy in wider society, will probably fail commercially and be forced to close.

Co-operatives must respond to the dynamic complexity of their

ALTERNATIVE STRUCTURES AND ORIENTATIONS OF WORKERS' CO-OPERATIVES



economic and social environment, which often leads to dramatic changes in organization and orientations. Such changes (as indeed the reasons for the setting up co-operatives in the first place) deserve critical scrutiny, and should not automatically be considered in the interests of the co-operative members because the concern is self-managed. Often co-operatives are forced to adopt strategies which are very questionable, such as accepting the principle of workers control manipulatively as an inducement to make workers work harder to meet escalating market efficiency criteria; or investing executive power in trade union officials, not as a means to represent workers, but as a means to discipline them to maintain high productivity, as union officials become synonymous with management. Whatever economic structure and organization a co-operative adopts will be subject to the insistent pressures of the wider political economy that may take a constant and determined effort to resist.

a) Economic Structure

At the level of the economy it has to be decided if what is desired is the reinvigoration of the competitive market economy by the introduction of worker capitalism; the creation of an authentic self-managed sector; or the groundwork of a component part of a pluralistic socialist economy. The economics literature of Vanek and others has explored these problems, and the recent work of Henk Thomas and Chris Logan on Mondragon highlights some of the central issues involved (1982). Firstly with reference to the co-ordination of the economy: if worker capitalism is the aim then free market forces will be the chosen constraint; but if the desire is to move towards a more consciously rational and socially responsible system of co-ordination, then the question arises of how much planning is compatible with the assumed autonomy of co-operative enterprises? As far as the middle-way of Mondragon is concerned, according to Thomas and Logan, planning is a significant but limited activity:

"...The co-operators have also adopted a pragmatic position in this respect. The support bloc has expressed a preference for long term planning; the associated co-operatives recognise the stimulating impact that is caused by market relationships. For instance a policy by which stronger co-operatives might subsidise their weaker colleagues by purchasing their products at lower than market prices, has never been introduced. On the contrary there is strong determination to reach the efficiency standards

determined by market pricing. One reason for this is undoubtedly the awareness of the difficulties involved in the planning process, particularly if undertaken in an innovative and self-managed manner. At this stage of the analysis it is hardly necessary to repeat that self-managed planning is quite different from planning under systems of centralised control. The former entails 'planning from below', i.e. involvement of the institutions and people affected, optimal flows of information, and a system of monitoring that is democratically controlled. Plans are a necessary instrument in the efficient allocation of resources and for the generation of information that otherwise may not be available. Given the smallness of Mondragon it is not realistic to carry the analysis further, plans and markets typically belong to socio-economic decision making at the national level." (1982, pp 186-7)

Under this system there would be tension between the centrally co-ordinated plan and the self-interested co-operative enterprises. However those oriented towards the creation of a socialist economy, even if wishing to avoid the authoritarian rigidities of centralised state planning as practiced in Eastern Europe, would wish for a more thorough planning effort than this, with more responsive enterprises: responsive to the needs of other enterprises and their workers, the community, and the collective democratic plan. Some would argue that such a planning process would place unacceptable constraints upon co-operative autonomy, but in reality the market imposes sharper and more insistent pressures upon co-operative enterprises (Clarke, 1981).

Theoretically there is no necessary incompatibility between self-management and planning, though critics would maintain that this view depends upon an idealised conception of the potentialities of democratic planning. On balance however, the self-management literature in an over-reaction to the dramatic efficiency and democratic failures of centralised state planning in Eastern Europe, has tended to advocate different forms of 'market socialism' that depend upon an idealised conception of the democratic potentialities of the market and pricing mechanisms (Vanek, 1975). "The superior strategy would be to move towards 'anonymous capitalism': a system in which the yield of capital is determined at a national level of policy making, in which investments are decided upon centrally, and in which in each enterprise the workers bear all income and entrepreneurial risks... Self-management practice appears to have a preference for democratic planning from below and for market relationships rather than for centralised planning and price manipulation." (Thomas and Logan, 1982, pp 199, 200) An interesting discussion of the possibilities for self-management under plan and market

is provided by Lars Erik Karlsson (1982) who rejects the market based models of Vanek and other market socialists as inequitable, leading to uneven development and the imposition of unacceptable conditions of work. Karlsson is also sceptical concerning the prospects for co-operatives. Instead he proposes as preconditions for effective self-management the socialisation of the ownership of industry through wage and citizen funds; the development of agencies of democratic central planning, including an economic parliament to which unions, regions, and consumers would contribute; and the decentralised implementation of the plan through self-managed enterprises in which unions have an enhanced role. The ideas of G.D.H. Cole and the Guild Socialists thus assume a contemporary significance. Because it has never been achieved in practice, the assumption is often held that democratic centralised planning with workers' self-management is impossible, when in fact it largely depends upon the degree of worker participation which can be achieved in the planning process.

Cloudy thinking about the impact of the market upon co-operative enterprises typifies the co-operative academic literature. Accepting the need to produce efficiently for the market to survive in western economies, researchers tend to accept the concomitant economic and social constraints as a fact of life. Thus Thornley has criticised the 'utopian legacy' of the early idealists of the movement who sought to replace market relations with co-operative economic relations: "Often they have been blind to the need to integrate co-operatives closely in the market...Carried away by their enthusiasm for principles, co-operators and their leaders in the first half of the 19th century persistently refused to reconcile themselves to the essential features of the capitalist market. They tried to carry on business in isolation from the market, setting their own prices for goods, raising capital where they could from sympathetic sources, and sometimes selling goods through co-operative outlets." (1981, ppl68-9)

Socialist critics, on the contrary, would contend that the free market is essentially inequitable, irrational, unpredictable and undemocratic, representing the collective class interests of capital. Therefore it would be a vital prerequisite of any democratic innovation in industry of a fundamental kind that enterprises firstly be removed and protected from the market system, whether by being nationalised in the case of large

scale industry, or by setting up supportive networks and outlets for co-operatives. Some co-operatives do manage to survive in the market place without jettisoning every principle, because the market is not an undifferentiated entity but a complex of relations which impose constraints of varying rigour and arbitrariness. But in most co-operatives competing in the market workers quickly learn as they did at KME and Triumph Meriden in Britain, that they are still subject to the controls that they thought they had escaped: unpredictable demand, fierce competition, inadequate and unreliable investment, and unstable production; the result being constant demands made upon workers for higher output, interspersed with abrupt and protracted lay-offs. Even the most basic working conditions were dictated by the market rather than the co-operators, with a similar work intensity, shift system, payment system, hours and holidays, as existed under private competitors (or as existed in these organizations before they became co-operatives). (Clarke,1978)

Questions may be asked about the purposes of co-operative accumulation and the principles of distribution of any surplus. At one extreme accumulation may be simply to enhance the wealth and power of the owners of the enterprise as in capitalist firms, at the other to satisfy a wide range of social needs in the community in which the co-operative is located. Mondragon again adopts a middle road, "capital resources are allocated with two objectives: to gradually increase the capital intensity of production in order to integrate new technological developments, and to create the highest possible number of new jobs." (Thomas and Logan,1982 p186) (Capital investment in new technology in industry today normally leads to a reduction in direct employment rather than an increase, if introduced according to conventional competitive market criteria, but we will let this pass !)

The kinds of products or services offered by co-operatives are also of relevance. Commercial co-operatives will produce goods and services for the market, and will normally only be concerned with matters such as price and quality to the extent that they effect sales and profitability. On the other hand idealistic co-operatives are often built around the aspiration to provide a product or service which the market economy has signally failed to do. Production of socially useful goods, for example in

wholefood stores or print-shops, must be tempered by the necessity to remain viable, though often co-operative workers in enterprises such as these are prepared to engage in considerable self-sacrifice because of the importance they attach to the product or service they are providing. The Lucas Aerospace shop stewards proposals for an alternative workers' plan based on production of socially useful, environmentally beneficial goods instead of armaments, indicates that such concerns need not inevitably be confined to the political fringe.

Finally ownership may be based on individual, marketable shares at one pole, or on a collective conception of community ownership at the other. At Mondragon there are a variety of ownership forms:

"It is recognised, on the one hand, that individual accounts represent evidence to members that they are stakeholders; individual distribution of ownership on a very large scale also prevents 'capital' owners from exercising that sort of control that normally is linked to the size of capital property. From the theoretical and operational perspective on the other hand, it would be desirable to introduce a form of social ownership which is neither individualised nor liable to play into the hands of controlling groups, e.g. of bureaucrats. From the operational point of view, in fact, social ownership would have the advantage of avoiding the difficult problem of transferring ownership claims from one co-operative to another." (Thomas and Logan, 1982, p184)

Individual stakes seem likely to induce economic enterprise consciousness, whereas with collective or community ownership the question of control over the co-operative organization still has to be decided.

The emphasis upon 'ownership' and property rights in the co-operative and self-management literature is excessive: the impression ~~is~~ often created that the simple transfer of ownership from private hands to the workers themselves will almost magically transform job security and orientations to work. (In a curious parallel with Soviet ideology where state ownership of industry is assumed to render any further concern about workers' job satisfaction irrelevant). Though co-operative workers will often comment "I feel that I own the machine I work on now", it is wrong of academics to foster the illusory implications of such statements. Once the artisan mode of production is passed, worker ownership of machines is impractical. Workers shares in the company may encourage a sense of job ownership, but in reality employment stability and accompanying job controls owe far more to

the caprices of the market or the decisions made in the national planning process. In other words, although the transfer of ownership to the collective of workers is a necessary condition for the transfer of control, it is by no means a sufficient condition. In fact it presages more important, extensive and continuing struggles: firstly for the regulation of market forces and/or the achievement of efficient and democratic planning; and secondly for democratic management within the enterprise. In those co-operatives still subject to the arbitrary impulses of the hidden hand of the market, or the directives of the dead hand of the centralised authoritarian state plan, the improvements in job security or the meaning of work are minimal.

b) Organization and Control

The kind of economic structure and process adopted by co-operatives provides the constraints within which the possible forms of co-operative organization and control will be determined. It is probable that a commercial market oriented co-operative will adopt some form of representative democracy as an efficient expedient. In contrast more idealistically oriented co-operatives would insist upon policy formulation through an attempt at participatory democracy. Often co-operative constitutions that seem to enshrine participatory democracy rapidly degenerate into either elitist forms of representative democracy or are ignored in practice, and this is the most common and the most disturbing problem for both old and new producer co-operatives. Most studies of worker participation in co-operatives have evaded this problem by confining the focus to a formal examination of the operation of the management boards, and have tended to be satisfied with the most superficial indications of worker involvement in decision making. It is as difficult to discover the real distribution of power within co-operatives as it is in other complex organizations. Evidence required if assertions of sustained worker influence and participation are to be verified at the level of the governing body again must include:

- i. the composition of the management board
- ii. who exerted greatest influence on the management board
- iii. what issues were considered or neglected by the management board
- iv. what external constraints limited internal choice (Lukes, 1974).

The elaborate questionnaires that have been employed in investigating workers influence are of limited usefulness and accuracy. Firstly the relevance of what they discover tends to become lost in a wealth of statistical sophistication. Secondly they pay little attention to dynamic processes of attitude formation and change (and how the questionnaire itself may temporarily change or distort consciousness). Finally, and perhaps most importantly, the methodology and ideology of the questionnaires tends to be grounded in individualist assumptions: that the right way to investigate (and exercise) control is through the individual worker. In fact as several distressed Yugoslav academics pointed out when confronted with extensive questionnaire evidence of increasing worker alienation in the Yugoslav system of self-management at the 1982 International Sociological Association World Congress (Whitehorn, 1982), the Yugoslav system is devoted to collective ownership and control of economic resources and the stimulation of collective consciousness: thus the same person who exerted little influence as an individual, might exert considerable influence over the enterprise as a member of a work group. Whilst this explanation in relation to Yugoslavia might dwell more in the realm of official ideology rather than demonstrable practice, still it is true that collective control is the goal of most existing self-managed systems, in which the role of the individual will not be primary, as it is, in the official ideology of the capitalist West at least, in market systems.

Studies which have defended workers' co-operatives against the criticism that they display a tendency to degenerate, have tended to apply either incomplete or weak measures of democratic participation. For instance, D.C. Jones, in a critique of the Webbs' pessimism concerning the democratic potentialities of producer co-operatives, emphasises the formal elements of co-operative constitutions and focuses upon nominal representation upon management boards as proof of democratic control; whilst Martin Lockett remains relatively sanguine about the survival of management hierarchies in co-operatives, to which workers have to accommodate. (1976; 1982) In fact, even the celebrated Mondragon has suffered this dilemma: "The majority of the 100 co-operators interviewed reported that they had never spoken in their factory's Assembly, some apparently for reasons of 'shyness', others because they agreed with the proposals made by the chair. There was no

active participation by co-operators, as evidenced in their few contacts with superiors, and relatively little familiarity with information that had been officially available. (Thomas and Logan, 1982, p189)

It is no excuse to suggest that workers are relatively satisfied with their lack of participation, since this represents simply a rationalization of the internalization of workers' sense of powerlessness, or "the culture of silence of the dispossessed." (Spear, 1981, p2) Political participation in itself leads to the acquisition of political skills and a sense of political efficacy as Pateman (1970) and Blumberg (1968) have eloquently affirmed. It is sometimes argued that participatory democracy is an impossible goal or inherently inefficient. Usually this view is supported by presenting a false dichotomy between the administrative efficiency and and political effectiveness assumed to be possible with forms of 'constitutional pluralism' in which participants are taken to have only a narrow instrumental approach to industrial democracy; and the disorder and dislocation assumed to be inevitable with 'primitive democracy' in which high levels of political involvement are sustained. (Loveridge, 1980; Eccles, 1979) Indeed since the time of the Webbs' classic study Industrial Democracy (1897) when the critique of 'primitive democracy' was first elaborated, it has become an academic orthodoxy and political complacency to dismiss the possibility of worker democracy without considering why it is that workers are ill-equipped to participate, and what elements of existing organizational structure prevent meaningful participation. In essence this modern theory of democracy amounts to an acceptance of elite control of organizations and relative membership inactivity. It neglects the oligarchical tendencies of representative government, and the dislocation that occurs between the professional bureaucracy and the uninformed membership. The active and informed involvement of ordinary people is defined out of existence: no active participation is expected or encouraged beyond a periodic demonstration of support or disagreement with the policies of those in power. As Macpherson insists, democracy involves making a continual contribution to the decision-making process, not being the passive recipient of political fate with occasional opportunities to ineffectually complain (1973).

The form of technology adopted by co-operatives will have an

important bearing on organization and control. A commercial co-operative normally would install the same least-cost technology as private competitors, almost regardless of the consequences for shopfloor workers. This ignores the fact that industrial technology and production engineering were designed and introduced partly with the aim of restructuring the labour process under capital's control, with the intensification of labour, the imposition of a detailed division of labour, and the adoption of scientific management to discipline labour. (Braverman, 1974; Marx, 1976) A co-operative that adopts this form of mass production technology must accept that shop-floor workers will exhibit similar levels of alienation as exist under the same technology in private industry. That the debilitating impact of modern production technology is not more widespread in co-operatives is not a result of an enlightened attitude to the social implications of technology, but simply due to the small size and capital starvation of most co-operatives that prevents them from investing in mass production machinery. In contrast those co-operatives that attempt to adopt socially responsible forms of technology often find that they are trapped within the confines of small-scale craft production. However new electronic technology has opened up the possibility of professional service co-operatives utilising the most advanced technology in a meaningful way: companies involved in the rapidly expanding industry of mini and micro computers for example, are typically of small size with comparatively small capital requirements, both in production (where common electronic components are utilised) and in software. The Science Parks being established to foster joint college/company ventures in advanced technology are a context in which co-operatives could prove a very appropriate form of organization. Sadly though, in California's Silicon Valley the multi-person partnerships of scientists and engineers quickly resorted to hiring wage labour once large scale production began.

Producer co-operatives that retain the detailed division of labour into fragmented, repetitive, and frequently stultifying work tasks scarcely deserve the name 'co-operative'. As Braverman maintains, "While the social division of labour subdivides society, the detailed division of labour subdivides humans, and while the subdivision of society may enhance the individual and the species, the subdivision of the individual, when carried on without regard to human capabilities and needs, is a crime against

the person and against humanity." (1974,p73) Some degree of rotation of offices and tasks would seem an elementary concession in the direction of co-operative ideals.. It might seem unnecessary for this to be said, but both at Mondragon and at least one of the large scale co-operatives in Britain, (KME), the retention of a detailed division of labour was a source of great disaffection among workers. (Eaton,1979; Clarke,1978) It is difficult for co-operative workers to maintain the feeling that they are engaging in a great co-operative experiment when their sole co-operative duty is to make several thousand spot welds each day ! The fact that co-op researchers have tended (with studies of industrial democracy in general) to have little to say about technology and the division of labour, reveals a lack of penetration to some of the central causes of worker alienation. (Eldridge,1982)

Similarly in the Yugoslav system, following the Soviet emulation of the capitalist organization of production, little effort or attention was devoted to replacing standard technology or restructuring the division of labour in socially desirable ways. The perceived necessity for competitive efficiency subordinated the ideals of self-management to the imperatives of mass production technology and a detailed division of labour. In East and West conceptions of alternatives have been summarily foreclosed as utopian: "The similarity of Soviet and traditional capitalist practice strongly encourages the conclusion that there is no other way in which modern industry can be organised. And this conclusion has already been sufficiently encouraged by the tendency of modern social science to accept all that is real as necessary, all that exists as inevitable, and thus the present mode of production as eternal." (Braverman,1974,p16) Attempts at building different technologies and divisions of labour, or transforming existing ones, are normally sporadic, limited, temporary and isolated. The fate of efforts in China to engage in alternative forms of community production remains a difficult question. (Bettelheim,1974; Lockett,1980) In this pessimistic context, endeavours such as Vanek's attempt to develop a solar energy water pump and generator around which agrarian and industrial production can be organised in third world countries, may not prove as utopian a venture as his hard-nosed detractors (including myself) assume.

Finally, and in some senses the thorniest issue of all, is the place of trade unions under co-operative production. Many commercially

oriented co-operatives would deny any role to trade unions in organizations run by and for the members. From a sympathetic position Thomas and Logan argue, "Trade union activities under a market economy clearly do not fit into a self-managed socio-economic system, but a representative organization of co-operators on an industrial or national scale could undertake a very constructive role: to engage in education, to raise political issues, to guard against erosion of the system of self-management, are a few of its possible functions. In Yugoslavia for instance, trade unions have not been abolished but form part of the socio-economic system." (1982,p188)

This might seem reassuring if it was not almost verbatim the role assigned to trade unions by Lenin at the Tenth Party Congress in 1921, which preceded their gradual undermining and assimilation into management and the Soviet state. (Deutscher,1950) Unions stripped of their collective bargaining, protective, and shop floor negotiating functions gradually atrophy. In fact there is an indispensable task for trade unions in co-operatives: to defend workers against the arbitrary decisions of management and the dictates of the plan or market, and to link co-operative workers with the general struggles of other workers in society. Those co-operatives which either sever, or have weak links with the organized labour movement may prosper commercially, but undermine any claim that they are making a significant contribution to social change. Indeed by voluntarily submitting to market determination of pay, conditions and productivity, non-unionised co-operatives could damage the efforts of the broader labour movement to generally improve workers conditions. (Hill, 1981,p65)

The ambivalence towards trade unionism often displayed in the self-management literature is its weakest and most suspect feature: the approach ranges from explicitly anti-trade union (Oakeshott,1978); through regarding trade unions as obstacles to co-operative development which must be overcome by transforming trade union attitudes and practices (Eccles, 1981); to a justification for trade unions becoming integrated with management concerns in co-operatives, abandoning their traditional bargaining functions. Clegg's conception of collective bargaining by independent trade unions as the basis for industrial democracy is obviously limited, (Blumberg,1968), however he is right to stress the importance of maintaining independent trade union representation (even in supposedly self-managed enterprises) to protect workers from unacceptable demands. (Clegg,1960) Trade unions have been the means of attaining a measure of

industrial democracy in the past, achieving a degree of job security, wage equity, health and safety at work, and freedom from arbitrary management decisions. Rather than rejecting and seeking to undermine trade union rights, self-management systems should embrace trade unions and attempt to transcend their achievements for workers: socialism should be a pluralist not a monist practice, we should now be aware of the dangers of unitary ideologies and unitary institutional structures.

Of course the question remains, will trade unions embrace self-management? National unions have often proved highly sceptical about the development of co-operatives and the impact that they may have upon nationally negotiated conditions and pay. At the plant level union officials quickly learn of the dilemmas posed by becoming involved in management decision-making processes: Art Hochner cites one example of union representation on the management board of an American co-operative (WSCDC) which sums up the arguments for and against:

"The union bloc members add other considerations to the conventional balance sheet economics of entrepreneurial decision making. Some board members feel the expression of union interests injects humanistic, democratic and socially just considerations into potentially cold-cash calculations. Others see the inclusion of these elements as delaying urgent decisions and contradicting WSCDC's financial goals. Several union sympathizers, however, wonder whether the unions on the board are compromised by having to consider, participate in, and accept bottom-line, pro-management positions, thereby perpetuating the same kind of labour relations they fight other employers about." (1982,p24)

A comprehensive analysis of workers gains and losses under co-operative production compared to what has been achieved by collective bargaining, similar to Herding's (1972) definitive comparison of job control under co-determination and collective bargaining, has yet to be conducted. If trade unionists are to be persuaded of the virtues of self-management, then they will need to be shown ways in which they can enhance their influence, improve workers rewards and conditions, and retain their independence, under self-managed systems. If this sounds a difficult set of demands, it should be realised that the prospects of establishing and extensive co-operative or self-managed sector without union support in industrial countries with a mature labour movement are slender. If trade union support can be gained then they can offer considerable assistance in the development of co-operatives as Charles Rock has

indicated: as an initiator and co-ordinator of inter-co-operative relationships; as the guarantor of co-operative workers' rights; and as a force to take control of already collectively owned finance capital in the form of pension funds. (1982)

c) Work Experience

The economic and organizational structure adopted by co-operatives will influence whether the experience of working in a co-operative is fundamentally different from working in a conventional capitalist company. Most co-operative research so far has been concerned with analysing contrasting co-operative structures and performances, often by interviewing the co-operative management and elected officials. Investigations of shopfloor workers attitudes have tended to be satisfied with the platitudes that workers often feel are obligatory responses when they are asked if they are happy with their work and their company. In fact there is no a priori reason why working in a co-operative should be any more fulfilling than working in a capitalist enterprise. It is crucial to examine work organization and experience in greater depth, since typically workers are most concerned about the level of control and meaning at the job level, and a sophisticated co-operative constitution does not guarantee satisfaction on this front. Efficiency-oriented co-operatives normally retain the panoply of bureaucratic controls upon labour including clock cards, first line supervision, and elaborate disciplinary procedures. Whilst workers are used to these types of control, they may reasonably ask "What has changed?" As part of building higher-trust relationships and developing the freedom, knowledge and skills of workers, co-operatives at the other extreme may attempt to give workers control over their immediate work environment with some form of autonomous group production. Such workers will still of course be subject to the compulsion of the plan or market and the constraints of the scale of the enterprise and the technology employed.

In terms of day-to-day decision-making, many co-operatives have been content to leave this in the hands of professional management. Some commentators have rationalised this by maintaining that as long as policy formulation is the subject of democratic control then policy

execution should be left in the experienced hands of management to implement as efficiently as possible. (Eccles, 1979) This ignores the fact that for workers the first real test of democratic control is whether they have the capacity to influence the decisions which immediately effect them. Of course informed, flexible and adaptive decision-making is essential to the efficient operation of complex organizations, but there is no reason why this should not be subject to joint regulation, or some form of collective participation.

(Loveridge, 1980, p303) Finally, examining the meaning of work: if the conventional criteria of efficiency determine the organizational structure of co-operatives, in the controls, technology, and division of labour applied, then workers in such co-operatives will be prone to similar levels of alienation and conflict as exist in capitalist firms under such constraints. The result of having a formally co-operative constitution but conventional management and organizational structure, is that in the early, idealistic, stages of the life of the co-operative, workers are stimulated to a heightened involvement, but often are intensely frustrated at pursuing ideals which are continually obstructed by the existing commercial and organizational constraints. In contrast if co-operatives attempt to create alternative social relations of production, then whatever efficiency they may lose by this, may be compensated for by the achievement of more purposeful work and the consequent improvements in effort and efficiency that this may bring.

Alternative Paths of Co-operative Consciousness

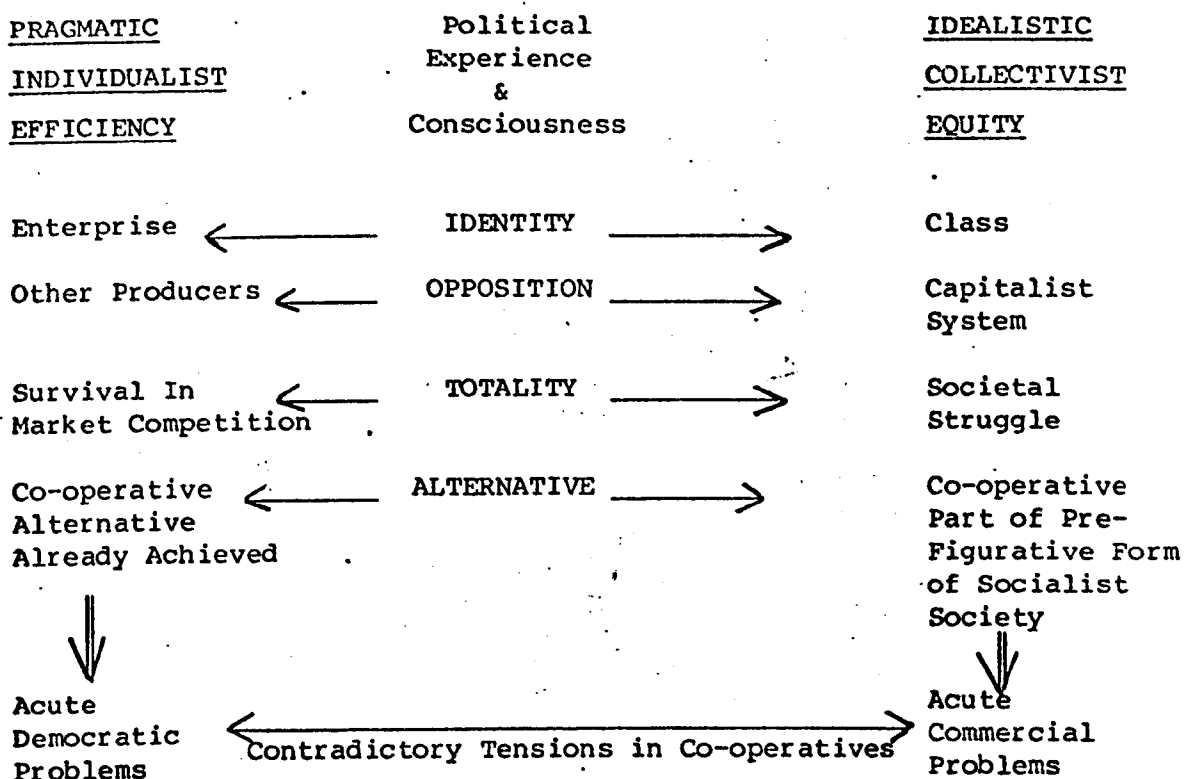
There are alternative possible paths in the development of co-operative consciousness. The consciousness of co-operative workers will develop in a dialectical relationship with the social and economic relations they experience. It would be wrong to imply that normally any great coherence of political consciousness exists among co-operative workers. The political sympathies of present-day co-operators ranges across the political kaleidoscope from petit bourgeois, christian democrat, social democrat, through socialist, anarchist, syndicalist, to communist, revolutionary, feminist, ecologist and vegetarian. Normally from the beginning there are significant degrees of confusion and contradiction

among co-operators' different aspirations, as in the desire to build an alternative co-operative society while performing more efficiently in the competitive market economy. Whether a greater coherence and consistency does emerge with experience is an open question depending upon the kind of co-operative that is established. Jacques Defourny has put the present situation well, in which many co-operatives are being set up with little explicit thought to their ultimate aim, as "une pratique en re-quete de son utopie," ("a practice in search of its utopia"). (1982)

As the typology employed by the Open University Co-operative Research Unit indicates, the conditions and consciousness present at the creation of co-operatives can vary markedly. (Cornforth,1982) Whether a co-operative is a traditional survival, endowed by a benefactor, a defence against company closure, a radical alternative, or part of a job creation scheme, will be associated with very different kinds of orientations and consciousness on the part of the co-operative members. Similarly the conditions and consciousness present at the creation of self-managed systems can vary markedly. It is unlikely that a self-managed society could be constructed by piecemeal co-operative development: a political movement to unite, systematise, and expand co-operative efforts at least would be necessary. With such a political movement self-managed systems can develop when government is neutral, or with government support, or by revolutionary working class mobilisation. (Espinosa,1982) The most thorough attainment of self-management is by revolutionary independent working class action at the plant and community level, though clearly this cannot be sustained for any length of time without adequate workers control of the state apparatus, as the sad examples of Allende's Chile (1970-73) and more recently Poland's Solidarity (1980-81) indicate. (Espinosa and Zimbalist,1978)

A simplified model of the elements which constitute class consciousness provided by Mann helps to identify the divergent possibilities in the development of co-operative consciousness. (1973,p13) Those engaged in pragmatic commercially oriented co-operatives will tend to identify with their own enterprise and regard the greatest challenge as other competitors. The fundamental goal becomes survival in market competition, and the belief is held that an alternative has already been created, the only problem being to maintain efficiency and viability.

2. ALTERNATIVE PATHS OF CO-OPERATIVE CONSCIOUSNESS



Paradoxically the doctrine of individual responsibility may be more firmly upheld by workers in this kind of co-operative than in a private company where workers might be more distanced from the goals of the management. There is no desire to transform society, merely to succeed in business in this society. Acute democratic weaknesses are frequently found in this kind of co-operative, though the co-operators themselves may be adjusted to them. Often it is difficult to distinguish such enterprises from capitalist firms, and the workers in them are likely to exhibit a similar contradictory economic and alienated consciousness. However advocates would claim that co-operatives are a unique means to achieve the pursuit of commercial efficiency, social justice, and social integration simultaneously.

Co-operatives dedicated to idealistic ends in the extreme will be class conscious organizations that are motivated primarily by the goal of contributing to the class struggle to transform capitalism. From this position co-operatives may be regarded as pre-figurative forms of socialist society, making a contribution to the struggle against capitalism on a broad front, but also demonstrating some of the possibilities of a

pluralistic socialism of the future. Of course both pragmatic orientations and idealistic orientations are 'ideological', and it is quite wrong to assert, as Bradley and Gelb frequently do in their analysis of the experiences of the Scottish Daily News, that pragmatic co-operators are more concerned 'about their jobs than ideology.' (1980) Pragmatic orientations involve an economistic consciousness which accepts the structural and organizational constraints of contemporary capitalism, (which often will dictate the early demise of the co-operative and the unemployment of its members, on the grounds of efficiency or discrimination). Those motivated by radical idealistic orientations reject these constraints and maintain that the most effective way to secure and meaningful employment is to overcome the instability and irrationality of market forces.

Future Development of Workers Co-operatives

It is the range of possibilities for future co-operative development that makes this such an interesting field of academic inquiry. Different political philosophies conceive of widely divergent directions of development: liberal economists imagine a utopian worker capitalism; co-operative theorists have rekindled the dream of a utopian co-operative commonwealth; and socialist advocates perceive the illustrative importance of productive prototypes of a socialist pluralism.

Liberal economists see the rejuvenation of capitalism by making workers formally responsible for their own enterprises and reintroducing them to the direct impulses of the market. Worker capitalism for neo-classical economists is a seductive idea at a time when western economies are increasingly dominated by the monopoly power of giant corporations, (at least it would rescue their models of competitive individualism from total obsolescence)! The idea is to lock workers into their enterprises with individual property shares, to promote enterprise consciousness in the competitive market, and thereby induce liberal capitalist orientations among working people for whom such values have long seemed alien and exploitative. (Jay, 1976) It is unlikely that two hundred years of capitalist development with the appropriation of the means of production, the extraction of surplus value, the monopolisation of markets, and the

concentration of economic power, can be reversed so easily to a system of de-centralised co-operatives operating in a market economy in which workers own the means of production and receive the full fruits of their labour, with the almost magical disappearance of the structural antagonism between capital and labour, as Oakeshott supposes. (1978) In reality it is likely that though such a system would receive the full support of private industrialists and financiers because they legitimise the private enterprise system, they would inevitably remain at the periphery of market economies, and allow capitalists to maintain their monopolies as Marx predicted. (1974,p80) Trade unionists are alert to these implications of producer co-operatives and could be expected to be strongly antagonistic to such developments.

Co-operative theorists hope producer co-operatives can radicalise the wider co-operative movement and restore the original evangelical zeal to construct a co-operative commonwealth linking producers, retailers and consumers in a democratic harmony of interest, excluding (and ultimately eliminating) the capitalist. For many activists in the movement co-operatives are an end in themselves, rather than simply one means to help reach an alternative society: motivated by a few pure (some would say simple) principles - that labour should employ capital, and that all members should have the right to share in ownership, and in deciding policy - they uphold that workers have it in their power to resolve their fundamental economic problems by adopting the co-operative form of industry. However the failure of successive waves of the producer co-operative movement in the past has a sobering effect. (Pollard,1967) So too has the realisation that the price of commercial success for the vast retail co-operative movement has been to adopt the same concentration and centralisation as capitalist rivals, with similar pricing policies, employment practices, and management controls. Unfortunately the practical help that the retail co-operative movement will give the infant producer co-operative movement is likely to be how to similarly accommodate to the constraints of the existing market system.

Socialist advocates stress the demonstrative value of co-operative enterprises which show that organizations can be democratic and productive, and reveal the variety of forms that socialism can embrace. Worker co-ops

are seen as a means of securing badly needed employment in the most depressed areas, and of providing essential goods and services that the market will not consider. Yet there is a good deal of soundly based scepticism on the left concerning co-operatives:

"Certainly the key problems with modern advocacy of co-operative production - as with the early millennialists - is the lack of any strategy to confront the enveloping coercive powers of (increasingly multinational) monopoly capital, and the awesome sway of the modern state. Far less than at the time of Owen is it plausible to believe that a new society can be built outside the old. If co-operative production is not to become ever more marginal to the labour movement, its advocates will need to relate their theory and practice to the experience and aspirations of the urban working class, and offer more than an escapist alternative to contemporary capitalism." (Hyman, 1981, pp19-20)

In fact co-operatives in themselves offer 'no solution to the problems of monopoly capital and state power, (though workers who determinedly reject their commodity status and launch co-operatives rather than accept unemployment have proved capable of unsettling and embarrassing the most powerful vested interests). Nevertheless those protagonists who have at times built the cause of co-operatives into a voluntaristic theory of socialist change, (such as the Institute for Workers Control in Britain that recommended the formation of workers' co-operatives to random workers' takeovers of factories), are destined for disappointment as long as private capital remains ascendant in the market place and the state remains antagonistic. (Coates, 1976)

Control of the commanding heights of western economies will have to be wrested from the hands of capital by political means, and then subject to socialising strategies in which, although democratic management should be a priority, co-operatives will have little place due to the scale and public importance of the services and industries concerned. (Socialists who decry the unpopularity of nationalisation because it has become synonymous with rationalisation of employment, control and pay, fail to appreciate that co-operatives operating in a free market would be even more vulnerable to such rationalising pressures with probably even more dire results). (Coates, 1981, pp149-157) But if co-operatives must inevitably assume secondary importance in any process of socialist transition, it would be wrong to underestimate their significance. The depth of the recession; the weaknesses of other

socialist alternatives; the developing interest and experience in producer co-operatives in many countries; all invest in co-operatives a new relevance as one means to concretise a transitional strategy which contests the dominant political economy, whilst connecting with the immediate concerns of workers for jobs, decent wages, and interesting work. It is important to move beyond the fragments of the socialist and labour movement and present a general, and multi-dimensional, challenge to capitalism, in which co-operatives have a minor, but significant role to play. (Rowbotham et al, 1979) The 'typical' member of the urban working class is no longer a skilled toolmaker in a car factory waiting in anticipation for the nationalisation of the engineering and vehicle industry (was he/she ever ?), the 'typical member of the urban working class is a young/old member of an ethnic minority, female, unemployed - or in imminent danger of becoming unemployed, and for her co-operatives are a relevant alternative, holding out one hope of fulfilling work.

The variety of philosophies of co-operative advocacy is only exceeded by the range of potential forms of co-operative development. At the national level, despite the optimism of successive analysts of the Yugoslavian system that market socialism and self-management could be readily transplanted into other western economies, the prospect of this occurring remain remote. It is only right anyway that different societies should develop their own systems that relate to their own ideals and economies. In September 1982 the Social Democrats in Sweden fought and won a general election in which the central issue of contention was the establishment of wage earner funds supplemented by an excess profits tax, that is democratically controlled investment funds which would provide the means to take over much of Swedish private industry within ten years. This would enable worker ownership of industry, and could provide the opportunity for workers control of industry if the trade union bureaucrats can be restrained and the sabotage of private capital and traditional management prevented. Alternatively the Swedish scheme could be diluted into a form of profit sharing for enterprise conscious workers. (Rock, 1982) Mitterand's government in France is committed to a vigorous programme of development of the 'social economy', including the fostering of co-operative development through financial, legal, educational, and institutional supports in order:

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3. THE MAIN FORMS OF PRODUCER CO-OPERATIVE DEVELOPMENT

<u>Scale</u>	<u>Type</u>	<u>Examples</u>
NATIONAL	1. Self-managed Systems	Yugoslavia
REGIONAL	2. Co-operative Archipelagos	Mondragon/Wales?
CITY	3. Municipal Socialism	Bologna/Santa Monica
PLANT	4. Worker Takeovers	Triumph Meriden/ESOPs ?
LOCAL	5. Radical Co-operatives	Media/Wholefoods ?

"to create spaces, becoming more numerous, where initiatives can expand not motivated by the pursuit of profit but by the spirit of service and an ideal of responsibility. For a long time co-operators and mutualists have been active propagators of this ideal, which harmonises completely with democratic, self-governing socialism." (Watkins, 1981, p10)

In Britain the Labour Party, which has shown little interest in or support for the producer co-operative movement in the post war period has now suggested in their discussion document a dramatic way in which co-operatives can contribute to the goal of social control of a planned economy: workers should have the legislative right to convert their enterprises into workers co-operatives and if necessary receive financial support to do this. Whether such a radical proposal could withstand the furious hostility of private capital and other established interests remains to be seen. Achieving a "coherent and politically conscious workers co-operative movement" (1980, p9) would involve securing the sympathy of a Labour Government to shopfloor demands never previously apparent.

Another possibility is that of establishing at the regional level 'archipelagos of democratically organised enterprises,' as in the Mondragon model. Unemployment and structural decline has become so severe

at the peripheries of many industrial countries that it is not surprising that abandoned regions have been prepared to consider radical remedies to revive their economies, as in the Wales TUC proposals for substantial job creation through building a sector of inter-linked co-operatives drawing on common resource centres and investment funds. (1981) However, given decades of economic decay, the huge scale of the problems to be confronted means that at this stage such initiatives remain largely at the level of inspirational guides rather than practical proposals. Though pump priming to the tune of £100,000 has been obtained from Thatcher's Government, and from the EEC, tens of millions are necessary if many co-operative initiatives are not to be throttled at birth. The capitalist market economy can only promise the intensification of the de-industrialisation of the regions, and indicative planning and limited regional assistance has failed to do anything but slow the pace of decline. State initiatives through regional enterprise boards beyond anything so far attempted would seem the only solution, and encouraging a large co-operative sector is one way of ensuring grass-roots involvement in economic regeneration.

Inner cities faced with extreme social and economic deprivation are likely to resort to co-operative development as one of the only effective means available to commence rebuilding communities. Two successful examples in rather pleasant contexts are Bologna in Italy, and Santa Monica in California, where local government has shown that it can intervene in the local economy to provide services and productive facilities on a co-operative basis from which the whole community benefits. (Jaggi et al, 1977; Carnoy and Shearer, 1980) The small co-operative agencies being set up in Britain and other countries similarly could form part of a municipal socialism that would permit working class urban communities to achieve more control over their own lives, assuming that this was not an effort on the part of the local state to impose on working people the responsibility for the structural economic and social problems that blight their communities. In an exciting illustration of what is possible, a group of South Yorkshire engineers who had been made redundant by the multinational GEC formed a Traffic Systems co-operative and bid for the traffic signals maintenance contracts in the area, monopolised by their

former employers and by Plessey. GEC were forced to slash their prices by 56% and Plessey by 70% in their effort to retain the contracts when confronted for the first time by this unorthodox competition, but the County Council awarded the Sheffield city contract to the co-operative instead of GEC. Other councils are now keen to follow South Yorkshire's example, breaking the hold of giant monopolies, promoting local co-operative employment, and saving money in the process. (Sunday Times, 23 January 1983) In another significant example, the Labour Group of the Greater London Council (GLC) has a strong policy commitment to revive London's local economy which has lost half a million jobs in the last decade and has 33 million square feet of empty factory and warehouse space. The GLC has formed a Greater London Enterprise Board as a means to intervene to save jobs in companies faced with bankruptcy, to support trade union proposals to prevent redundancies, and to create new jobs with co-ops or municipal enterprises. (GLC, 1983) Now there are 9 Co-operative Development Agencies operating in London, funded through Borough Councils. Among the most successful is Brent CDA which has been associated with the launch of 25 co-operatives in the last three years, including Third Sector, a large electrical engineering co-operative established when GEC attempted to close Associated Automation, saving the jobs of 180 largely Asian and West Indian women workers. (Sadly, amid considerable confusion, Third Sector collapsed in the middle of 1983).

Worker takeovers of collapsed businesses are bound to continue as the world recession deepens and more businesses fail. If they meet with more financial and practical assistance than they have in the past, then survival for these desperate organizations may not be so precarious as it was in the case of the celebrated Benn co-operatives. Co-operative purists may claim that this is the worst basis on which to establish a co-operative, but it involves more idealism and effort than when some rich eccentric decides to give his company away to the workers ! To be realistic the growing interest in workers' co-operatives is largely a result of the severity of the present recession, and the accelerating collapse of private companies that it has caused. If the new worker co-operative movement is not to fade away as economic recovery is achieved, like the waves of co-operatives in the past, then the financial, organizational, and political support has to be developed which is necessary to provide strength and continuity to this movement. Minimally

this would consist of a number of vital co-operative services: banking and investment; management consultancy; research and development; technical resources; and marketing services. Also essential is the commitment of socialist political parties to sustain and expand co-operative enterprises. Moreover if internal democratic degeneration is not to occur, as it did at KME and the Scottish Daily News in Britain, under the weight of external pressures and internal contradictions, then efforts at promoting worker involvement will have to be relentless. In this context, whether the spate of worker takeovers in the United States with the adoption of ESOPs (employee stock ownership plans) is simply a temporary outbreak of enforced worker capitalism, cutting workers in these plants off from the broader struggle against capital, or whether they have the capacity to survive as clues to a socialist future in the heartland of multi-national capital remains to be seen. (Woodworth, 1981)

Finally the creation of radical alternative co-operatives, perhaps employing more advanced technologies, and engaging in more sophisticated industries than is involved in the retailing of brown rice (however essential this may be !) seems an area of unlimited potential growth. Indeed the producer co-operative form seems uniquely suited for small-scale, service-based, labour-intensive industries such as agriculture, crafts, retailing, printing, construction, media and the arts. Wallace Tuck has delineated a typology of the industries and services most suitable for co-operative development that accurately reveals the immense scope but real limitations of the growth of co-operatives. (1981) It has to be realised that large scale, capital intensive industries are not really appropriate for transformation into co-operatives (for example the comparatively few workers in a large chemical processing plant would each have to be millionaires to collectively own the plant). Ambitions for the break-up of the existing public sector and replacement with competing producer co-operatives seem even more hopelessly misconceived, since unpredictable and uneven production and provision of these vital goods and services would be publicly unacceptable. However as the typology shows this still leaves a vast range of activities in which co-operatives could freely proliferate. To elaborate the potential of just one area, that of the media: already in the campaign for more participatory communications and culture there have been widespread developments of community newspapers; co-operative national newspapers

4. WALLACE TUCK TYPOLOGY OF INDUSTRIES, SERVICES AND ACTIVITIES
SUITABLE FOR CO-OPERATIVE DEVELOPMENT (1981)

Not Seen As Possible For
Co-operative Development

Large Scale Production
Capital Intensive Technology
Non-Divisible Production

(Seen as ripe for radical
socialising strategies)

Nationalised Industries
Public Sector

(Seen as ready for complete
overhaul in the direction of
more democratic management)

Possible Areas For
Co-operative Development

Agriculture
Fishing
Construction
Furniture
Food Processing
Clothing
Transport
Wholesale/Retail
Distribution
Private Service Sector
Community Based Savings
Small Scale Manufacturing
Light Engineering
Micro Computers
Professional Services
Arts/Crafts
Recreation
Sports (Including
Professional Football
Clubs !)

and magazines; co-operative local radio and television; co-operative cable television; co-operative publishing houses; independent co-operative film-making; and co-operative theatre. (Henny, 1982; Wigg and Wade, 1980) Thus in many co-operative experiments in different countries it has been successfully shown that the stranglehold of commercial domination of the media can be broken, without necessarily the media falling into the bearhug of the state.

This range of co-operative philosophies, forms and activities, may continue to be advocated and attempted. However it is important to realise that they are in some important respects mutually contradictory, and that there will be conflicts between co-operatives as well as within them over the direction of future co-operative development. We have to decide if we are attempting to rescue capitalism from its own failings, to create an independent self-managed sector, or to engage in the struggle for socialist transformation. If we know where we are going, there is slightly more chance that we may end up there !

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EPILOGUE

" The rhinoceros, a formidable looking beast...starts to charge with devastating intent but instead of reaching its target tends to stop dead, run straight past or disappear at a tangent having forgotten what it was trying to do in the first place... "

Mathew Engel, Guardian, 19 July 1982.