

From The London End

The Bridlington Congress

September 10, 1949.

THE annual session of the Trades Union Congress, which has just ended at Bridlington, Has turned out to be a drab and eventless session. It is a great pity, for in the fitness of things it should have been a historic one. The docile acceptance of the Central Council's "line" is rather surprising because on vital matters the report is anything but satisfactory. The Council's stand was that as events obtain today, no further redistribution of the national product in favour of wages by mulcting profits was possible; and that any pressure brought to bear on the employers with such an objective in view amounted to sabotaging national effort in a variety of ways.

These arguments have been familiar enough, and while certainly valid are not the whole truth. For, even if it were true that wages in the aggregate could not be raised at the expense of profits in the aggregate—an assumption which has been canvassed so much by *The Economist* that it is mistaken for solid truth—it would not follow that such redistribution in certain sectors of the economy is impossible. But the point is that this pet notion of the "profit-incentivists" has received the official blessing of the one organisation which should have challenged it.

Nor was there any earnest discussion of the vital question of workers' control. All the usual arguments about special abilities and training were trotted out. And the pompous dictum that nationalised industries should be

run to serve the interests of the nation, but not of any section thereof, was twisted to suggest that workers' control was somehow not in harmony with it. The session thus dragged on listlessly till the last day, when a minor shock brought sane realism into the deliberations.

The Ministry of Labour published on Thursday the report of the Conciliation Board on the railways dispute, rejecting the railwaymen's demand for an increase of 10s. in their weekly wages. That shook the delegates from their torpor. Even though the railways dispute itself was not brought up, a discussion relating to pension claims by workers in some nationalised industries caused a minor flutter. Representatives of the Associated Society of Locomotive Engineers and Firemen and the Electrical Trades Union challenged the General Council's ruling that the pensions question should not be raised for another two years. They maintained that this was an uncalled-for interference. While they were prepared to accept the General Council's policy regarding strikes, they could not accept this restriction on the freedom to *negotiate* for pensions—or, for that matter, wage-increases so long as no threat of strike was involved. A sharp climax was leached when the Council was defeated on a Civil Service Association resolution protesting against the Masterman report on the political rights of civil servants. Mr. Deakin whose main passion is to fight Communism and who sees, presumably, nothing wrong in the Masterman report, demanded a card-vote on

the resolution; but he was forced to withdraw his demand by the furore it caused amongst the delegates. Mr. Deakin's move added point to a resolution which followed, seeking a review of the system of voting in the T.U.C., which gives the bigger unions a more-than-proportionate weight-age and which makes it possible for any clique to abuse the card-vote system. But the resolution was not passed. It did, however, give the General Council something to think about.

The General Council's attitude towards wages and profits in the aggregate—to which reference is made above—could certainly have been questioned. Its roots are to be found in the spate of statistics and indignation which followed Sir Stafford Cripps' reference to "frightfully high" profits in the Commons last May. With great authority and skill *The Economist* stated that "trading profits of companies were less than the total salaries and barely two-fifths of the total of wages" (May 28, 1949) and that a cut in profits would not merely not reduce prices or raise wages significantly but strike at incentives and hinder national productive effort. That the T.U.C., with its considerable research staff, should not have scrutinised these statements is surprising. Had they done so, they might not have swallowed them. This is seen quite clearly from the calculations made by Dr. T. Barna of the Oxford Institute of Statistics and published in the Institute's *Bulletin* for July-August 1949. I cannot, though I should have liked to, go into all the issues discussed with consistent brilliance by Dr. Barna in his article. But the following data are sufficiently conclusive and accurate to justify Sir Stafford's statement that profits are still "frightfully high".

(1) Profits of private enterprises, which is what the Chancellor was talking about, rose in 1948 to 243 per cent of pre-war (1938) even after a liberal allowance is made for depreciation as the following table shows:

(2) The average labour income in private business has risen from an index of 100 in 1938 to 185 in 1948. Stipulating on the same basis "fair" profits in 1948 as 185% of profits in 1938 (which were at least as high as

profits in any of the preceding fifteen years) the excess available either for wage increases or price-decreases would be around £700 m.

(3) The possible price reduction on the *whole field* of home production implied in a profit reduction of this magnitude comes to 9 per cent. This, it should be remembered, is a global estimate. The actual incidence of such a reduction on the price of some commodities might be much higher.

Dr. Barna proceeds to examine these figures from various angles. But the point is, don't they read the *Oxford Institute Bulletin* in the T.U.C.s research department? Or is the research department quite unconcerned with the General Council's annual report?

PROFITS OF PRIVATE ENTERPRISES

	(£ million)	
	1938	1949
Income from farming	60	248
Profits of other sole traders and partnerships	440	970
Trading profits of companies	543	1,639
Rent of land and buildings used by business	140	150
Less Inventory Profits	+40	—50
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	1,223	2,857
Profits of Nationalised Industry included	50	—
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Total	1,173	2,857

Need For National Labour Research

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IN MY early youth I once heard Dr. J. C. Bose say that in India a vast amount of water power was allowed to run to waste while the country was so backward in industries. Half a century has passed and now water power is engaging the earnest attention of both industrialists and the Government. But there is another huge waste of power which has always been going on but to which adequate attention has not apparently been paid yet. I mean the super-abundance of man power in India and its defective utilisation.

The problem of population in India has attracted much attention chiefly from the point of view of food. The population has, in fact, been considered as so many mouths to feed. But the

people whose numbers have caused such consternation have not only mouths, but also hands to work with. It is just possible that if their hands were considered with as much thought and anxiety as their mouths the problem would not appear so distressing.

Given the resources provided by nature which economists used to classify under the general name of land, the thing that makes wealth is labour and by organising labour to utilise the resources you can produce wealth of all sorts, that is to say, all things that men need for their lives. By organising labour, you can convert it into wealth.

Looking at the huge number of unemployed and under-employed people who have the power to

produce wealth, one's heart is filled with the thought that like the water power which my Professor referred to, here is a vast amount of real wealth which is running to waste. Labour, organised on a national scale, might work wonders even in spite of all monetary difficulties. But one feels that this problem of organising labour has as yet attracted the earnest attention neither of students of economics nor of public men.

To achieve a through organisation of labour for production of wealth on a national scale, the first thing necessary is intensive labour research followed up by organised activity for getting the best out of labour.

The ancient way of utilising labour was to force people to