

Trades Unions and economic 'growth'

Heather Stewart in the Observer Business section recently wrote:

"...with the issue of climate change becoming ever more urgent and a growing recognition that economic growth does not make people any happier, there are growing calls for growth and the endless consumption of ever more material goods to be downgraded as political goals."

Even Adair Turner, head of the Financial Services Authority has questioned whether economic growth was a "false god".

Yet the conventional wisdom that 'growth' is a good thing, and a necessary aim of economic policy, is widely held, including in the trade union movement. However, growth as currently conceived is nothing more than an increase in economic activity regardless of its social or environmental consequences. Can the production of nuclear weapons be favourably compared with health provision? Or rail transport with the road network of the big supermarket chains?

It is now widely accepted that during the period before the 'credit crunch' the British economy relied too much on financial services. Its dependence on this sector in fact made it more vulnerable to crises developing there. It is now a commonplace that the economy needs 'rebalancing', with more emphasis on manufacturing. However, socialists would look further than this at the rationale and the motive force of the whole economic system.

"The consumer is King"

Capitalism as an economic system has growth built into its DNA. The 'dynamism' which Blair incorporated into the Labour Party's new Clause 4 (when it abandoned 'common ownership') is a *destructive* force which subordinates human needs to the acquisition of profit. Waste is built into the system, by making things which wear out more quickly than used to be the case and by a ceaseless quest for innovation in production of goods and services regardless of their social value; the very thing which is supposed to be the strength of the system.

However, there is no reason why the quest for innovation has to require the lash of the profit motive and the acquisition of personal wealth. Many people do jobs which pay a lower wage than they might otherwise be able to acquire because they have social value, and give their lives a meaning other than (financial) self-enrichment.

The myth is that capitalism gives the consumer what s/he wants. 'Consumer sovereignty' - decisions on what to buy and what not to buy - supposedly drive companies to produce whatever the consumer wants. 'The consumer is King', we are told. In reality the system creates 'wants' (as opposed to real *needs*) by a sophisticated infrastructure of advertising and social engineering which has created a consciousness amongst millions of people that life satisfaction can be based on the accrual of the latest products, the acquisition of things. The consumer, of course, cannot 'want' something which does not exist.

When the modern version of this system was first developed in the USA in the 1950's business executives consciously sought to make people dissatisfied with what they owned, or how they looked (in the case of women). "Ending is better than mending," in the words of sleep

indoctrination in Aldous Huxley's *Brave New World*, could be modern capitalism's defining motto. "...Industrial civilisation is only possible when there's no self-denial. Self indulgence up to the very limits imposed by hygiene and economics. Otherwise the wheels stop turning," said the character Mustapha Mond.

"A sound contribution to the American economy"

Way back in 1960 Vance Packard, in *The Waste Makers*, wrote:

"The emerging philosophy was most fervently and bluntly stated perhaps in the two long articles in the *Journal of Retailing* during the mid-'50s. The author was a marketing consultant, Victor Lebow. He made a forthright plea for 'forced consumption'.

'Our enormously productive economy...demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfactions, our ego satisfactions, in consumption...We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate.'

Packard also cites Brook Stevens, a leading industrial designer, who explained "obsolescence planning" in these terms:

"Our whole economy is based on planned obsolescence, and everybody who can read without moving his lips should know it by now. We make good products, we induce people to buy them, and then next we deliberately introduce something that will make these products old fashioned, out of date, obsolete...It isn't organised waste. It's a sound contribution to the American economy..."

On the contrary it *was* and *is* organised waste, eating up finite resources. The expansion of this system to the whole globe has since developed 'organised waste' to phenomenal levels unsurpassed in the history of human society. Packard described the US economy then as a "hyperthyroid economy".

"Already the pressures to expand production and consumption have forced Americans to create a hyperthyroid economy that can be sustained only by constant stimulation of the people and their leaders to be more prodigal with the nation's resources."

Like all analogies, this one is illustrative, but it gives the sense of too much production creating a systemic illness, like too much thyroid hormone in the body. Since Packard's time, of course, we have had the development of financialisation, and the exponential growth of 'fictitious capital' in the form of 'financial instruments' which were a key component in creating the conditions in which the 'credit crunch' and the global crisis emerged.

A salutary shock

The global economic crisis has been a salutary shock to a generation for whom buying things you wanted was based on instant credit, regardless of their means to repay it. How far that has made people question this as a way of life remains to be seen. Banks and finance institutions are for the time being more circumspect about the credit they hand out.

Growth, viewed as a necessary and healthy function of the economy, does not create healthy lives nor satisfied individuals. Shopping as a 'leisure activity' is designed to stoke up the economy, and the profits. Think of the annual version of Windows with marginal changes designed essentially to require the buying of new software on an annual money spinning basis. Yet the ownership of things cannot provide "spiritual satisfactions" or "ego satisfactions". Only human relations can do that. As the song says, "the best things in life are free".

Trades Unions, despite the fact that their immediate role is to strive to improve the wages and the working conditions of their members, have always, to one degree or another addressed how society is organised and the legal framework in which they have to operate. From the days of the Chartist movement the struggle against exploitation has gone hand in hand with the struggle for democracy. Yet the formal democracy we won in the political sphere - the right to vote every five years - has been denied in the workplace, where 'the right to manage' is in fact a dictatorship restricted only by the strength of union organisation.

What sort of society and economy?

All through the history of the unions there has run a debate about whether their role is to get the best they can for their members within the existing economic system or to fight for a different one; a new society. The preponderant view has been the former. The outlook on what sort of society and economy we might want, varies according to the place of a union in the economy and its political outlook. The RMT and the FBU, for instance, have a socialist society inscribed in their rule books. Unions whose members work in industries which face global competition for their products, have tended to have a more 'pragmatic' view. But the collaboration with the employers in engineering and manufacturing, and other sectors, has not secured jobs as it was supposed to, despite 'social partnership'. Where the identification of the interests of their members with the employers has taken place, it has usually led from one concession to another, until the jobs have been exported to another country where the cost of production is infinitely cheaper.

From a socialist perspective, the trades unions need to abandon the traditional conception of 'growth' as an essential of economic development, regardless of its social and environmental consequences. Trades unions, because they seek to organise all workers, regardless of their politics, cannot be socialist organisations in the broadest sense. But they can be organisations whose practice and aims are informed by a socialist critique of capitalism, and the need to strive for a new society in which market forces are progressively narrowed as production is more and more based on human needs rather than driven by the profit motive.

The reshaping of economic activity requires the eradication of some jobs and the creation of new ones. *Trades Unions cannot ignore the consequences of the work that their members do.* They should *not* defend *all* jobs regardless of their social and environmental consequences. The support of some of the unions for nuclear power and renewal of Trident, for instance, means supporting the *waste* of resources which could otherwise be put to more socially useful purposes. Obviously they would have to campaign for *alternative* jobs to replace those that were lost. This would be difficult in some areas where there has been an over-reliance on one industry (such as in the Sellafield area). This will be a difficult debate in those unions whose members' livelihood depends on such industries. Yet it is a debate which cannot be dodged.

In the NHS there has been a growth of jobs whose function is based on the operation of the 'health market' and 'payment by results'. Ending the market would mean these jobs would no longer be required. Under the current 'health market', with 'payment by results' efficiency is measured by financial results rather than health outcomes.

The global environmental crisis is an issue which concerns many young people. Barely one in ten 16-24 year olds is a member of a trade union. That is, in part, because of the nature of the jobs they tend to have, often difficult to organise service jobs. However, one factor in the failure of the unions to attract young people, is surely that they are viewed as organisations that do not appear to want to change the world. Support for nuclear power and nuclear weapons is certainly one factor in determining young people not seeing unions as a radical force which they would naturally gravitate towards.

Unless the unions do base their strategy on the *refashioning* of the economy and society then they will be left as organisations that simply respond to events, aiming solely to mitigate the impact on their members of an economic system which they do not challenge. Perhaps the discussion requires that the unions reinstate the concept of 'the right to work' which was abandoned in the wake of the destruction of much of traditional British industry from the 1980's. One of the ironies of the current pensions 'crisis' is the fact that at the very time when youth unemployment has shot up, we are told that older people will have to work beyond 65 thus blocking off jobs for younger people. No wonder the unemployment rate for 16-24 year olds is 20%.

Job creation

If growth (as a simple increase in economic activity) is not an objective of economic policy will this not lead to people being thrown out of work? For private enterprise, operated on the rationale of the profit motive, yes it would. But there is plenty of scope for job creation in the public sector, such as the railways or the NHS. A shorter working week potentially can absorb millions of people who could carry out socially useful jobs. Obviously this would require planning at the national and regional level. Planning, especially the idea of socialist planning, has a bad name associated with the experience of planning in the Soviet Union and Eastern Europe. It is true that centralised planning (controlled by a bureaucratic regime at the top which handed down plans as edicts, without the involvement of workers and service users) created waste on a huge scale. Sending empty freight trains around the country to fulfil a mileage target as part of a plan, was ludicrous, irrational and a waste of resources. But equally private companies waste resources and effort on a grand scale, especially when they ignore the experience of their own workers. As I discovered from Radio 4 the other day 25% of commercial lorries travel about empty at any one time in Britain.

Planning is necessary whatever economic system you have. The big international companies carry out long term planning. Socialists are not in favour of waste, of resources or of human effort. Rational planning has to examine the social and environmental consequences of all economic activity. Capitalist planning, on the other hand is based on one overriding thing; the legal responsibility to increase value for their shareholders. They have no legal responsibility not to pollute the environment, and if they cause injury or harm to their workers by their negligence, the system of health and safety law is too weak to prevent it.

Centralisation = waste

The process of centralisation of production or transport infrastructure, which is rational from the point of view of the profitability of an individual company, has negative consequences for the environment and for the use of resources, with lorries criss-crossing the country to an extent which would not be necessary if production was more localised. The commercialisation of Royal Mail, to take one example, has led to the closure of Mail Centres such that mail which was previously posted and delivered in one town or city, has to be sent away and returned by road (e.g. the closure of the Reading Mail Centre means post being sent by road to Swindon and then back), adding to pollution levels at a time when it is supposed to be accepted that carbon and pollution levels need to be reduced.

'Development' = waste

Another example of the irrationality of a system in which market forces are considered to be the best means of supplying needs, is the planning of housing and 'development'. Centralised planning in Westminster is similar in some respects to that carried out in Eastern Europe. A house building target is determined by central government, handed down to an unelected regional planning body and imposed on a local area regardless of the view of the inhabitants. So, for instance, Swindon is told it has to build 40,000 houses in a specified period, regardless of the physical and environmental circumstances, and against the wishes of local people. These are to be based on the private house building market which builds on a speculative basis, for the most part building houses which are too expensive for the majority of local people. So an existing need, reflected by a Council House waiting list of 10,000 is ignored. A complete absence of democratic decision making and accountability creates the imposition of 'development' which is determined by a bureaucratic process which takes no account of its social or environmental consequences. The only difference with pre-1989 Eastern Europe is that the building would be by private companies rather than state ones.

A different conception of economic activity

What we need, therefore, is a different conception of economic activity which is based on human needs, and social and environmental well-being. Production for social need would have to predominate over production for profit. That would require progressively pushing back the boundaries of the market, so that the fundamental needs of life, such as water, power, housing, food, were social products rather than commodities to be sold at a price determined solely by 'supply and demand'. People are not intrinsically greedy. They do not drink themselves to death when they have a constant supply of water.

Of course, an abstract idea of such fundamental change is insufficient to win many people over to such a perspective. It requires the development of practical plans which involve workers in each industry and the service users. In this regard the trades unions can play a key role, but only if they mobilise their members for social ownership and a different economic system. 'Growth' on a capitalist basis can only lead to future crises.

How can the unions seek to connect their activity with the struggle for fundamental social change in a practical way? In the first place they need to organise a struggle against the commodification of public services and for the de-commodification of the privatised ones. This involves a perspective of campaigning for social ownership of those sectors of the economy

which provide what used to be public services, such as gas, electricity, water, railways. (See [Why We Need a Campaign for Social Ownership](#)). A job creation plan is required based on a detailed analysis, industry by industry, examining what scope there is.

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March 24th 2010