

A defence of Nationalized Industries

A Personal Experience of Two Industries

Although there is a popular image of the British nationalized industries as huge monolithic bureaucracies that were hugely unpopular I would argue that this is largely right wing created myth to discredit the system. Despite failings, it managed to preserve vital national infrastructure, deserted by private owners at the end of the Second World War, with little capital investment and with aged infrastructure. It is disappointing to hear some on the left so easily concurring with the myth at a time that we seek to politically capture the idea of nationalisation.

In the strategic industries where there was capital investment it was with a far greater long term vision than has been able to be mustered by the privatized industries currently leaving us with a chaotic railway system and overpriced and poorly planned energy policy. Alongside this strategic view of delivery and investment, industrial relations and training and consumer participation were far more in tune with the democratic framework of the country than the current privatized regime. I would argue that not only did the nationalized industries provide a better economic result but also delivered a social return in terms of employment, a national training agency and long term planning, much nearer the German industrial model than typical Anglo-Saxon laissez-faire.

In a debate on the banking crisis on Newsnight between Owen Jones and a CEO from a major bank the CEO was reduced to arguing “at least we're better than the Gas Board was” but I am still told by ex-colleagues in the gas industry that they are still greeted by members of the public as “from the Gas Board” over 25 years after privatization. Hardly the response to an unpopular caller.

With limited capital investment both industries achieved large transfers of technology and supply with the electrification of the railways and the move from steam to diesel and then electrics and in the gas industry the national conversion to natural gas, the creation of a National Gas Grid and the relaying of plastic pipe for the distribution network.

Although my view is largely anecdotal research by Rebecca Long Bailey for the 2017 manifesto confirms much of my opinions. My employment with firstly British Rail (5 years) and then British Gas (8 years) was a far more positive experience than the next 20 years in the privatized gas industry and recently in the private sector. As well as my employment history my views are supplemented by my role as trade union rep in both industries and as a local councillor for 16 years. My father was also a railwayman, which may have given me some cultural inheritance for which I give thanks.

Structure

Both industries had National Boards responsible for the strategic direction of the industries in the National interest but far from being monolithic both the rail industry and the gas industry, along with other utilities, were arranged in Regional structures with strong local autonomy around policies and operations strategy. The 70's were celebrated times of revolt and upheaval but I sensed from older employees that a healthy disdain for “London” or “HQ” was the order of the day and senior managers took pleasure in developing singular Regional and local identities and revolt and upheaval dissipated into a cooperative “public ethos” with controlled antagonisms. On the railways differing rolling stock and locomotive strategies always led to great excitement when loco's and stock from another Region entered and they were referred to as “strangers” so protective were Regions of their individual equipment to leave their confines. These encroachments were usually in times of emergency and in the spirit of co-operation but rows would quickly develop if the equipment was not returned promptly. Equally, in the gas industry differing tooling and transport strategies as well as operating procedures very often led to very different workforce structure and public profile. They too, had emergency co-operation strategies with Regions able to call on National support and additional workers to assist with emergencies. After the creation of the national grid gas network on the discovery of natural gas the network off-takes were designed to replicate a Regional structure

for operational ease.

From a political view it seemed to be a pragmatic solution to replicate the national/regional and local structure of government in place at the time with the same recognition that not everything could be controlled centrally. Indeed managers and employees were encouraged to be part of public life and encouraged to take up public office and to be active in community life often with paid time to do so. You may have found that your local councillor was also your ticket collector or gas showroom salesman and your shop steward stood a chance of being selected as an MP.

Consumer Involvement

Again both industries had similar structures with Gas User Panels and Passenger Groups representing users in the localities, regions and nationally. Although the culture was hierarchical and patriarchal it was more a sign of the times than deliberate strategy. Managers recruited heavily from Rotary Clubs and local panel members were nominated by local Government which may have given a slanted view of consumers. However, the political post war consensus meant that policies and pricing strategies considered poorer consumers unlike the slanted consumer groups of the newly privatized utilities urging lower prices for direct debit customers rather than those on lower incomes. Visits to local facilities by the public were encouraged and visits to schools were undertaken to encourage recruitment and to present an industry face to the consumer. Perhaps the most visible sign of customer relations were the gas showrooms for buying appliances and paying bills and accepting complaints.

Industrial Relations

The post war consensus also recognized a particular type of organized industrial relations with local, regional and national Joint Industrial Councils setting the framework for the settlement of disputes and the discussion and negotiation of workplace issues. As with most of British industrial relations it was a battle of Marxism versus paternalism with a form of democratic socialism normally winning out and the Marxism left to local disputes with particularly poor local managers looking for confrontation.

Most issues on terms and conditions were settled through bureaucratic but effective procedures and the greatest antagonism was left to wage bargaining at a national level but mainly to satisfy the posturing of “free collective bargaining”. Settlements were almost always within the limits both sides had set at the outset. As with the structures section of this paper the industrial relations structures at local and regional level prided themselves on independence and local autonomy and outside of the national framework local and regional agreements reflected the ebb and flow of power in industrial relations of the time and locality. Many local agreements were unrecorded and relied on the word of the manager and shop steward and became the much later derided “custom and practice” attacked by Tory legislation. At the time of privatization the word went out to managers to attack and disregard local agreements as power was centralized. Managers and stewards who tried to continue on an equitable basis were quickly removed.

Shop steward training by the trade unions was also provided with not only industry agreements but meeting procedure and trade union history. On being elected as a GMB shop steward I was presented with the Ragged Trousered Philanthropists, My Life's Battles by Will Thorne, the union founder and Walter Citrine's Rules of Debate and Meeting Procedure. The Citrine stood me in good stead when elected as a Councillor coming up against Tory opposition and obstructive officers. I contrast this with the unpreparedness of young Councillors now elected. New stewards were first introduced to consultative committees to first find their feet, and there were many of those, looking at tooling, transport and protective clothing and uniform.

The day to day work still could not entirely rid itself of the “alienation” that Marx identified but it did allow disputes to be resolved and a greater degree of worker involvement than today. Some industrial relations academics refer to stewards of this time as “managers of discontent”. Perhaps the

greatest achievement of the industrial relations pattern was to create direct and stable permanent employment for many of thousands of workers. The work was not always well paid but the stability of employment as well as fringe benefits of a paternalist employer was an improvement for many. I first left this country at 17 years on a free employee travel permit from my home station of Boston to Naples in Italy, widening my social and geographical horizons as well as political. An important element not always recognized at the time was the respect and status given to employees in the “public service” and the commitment many of those employees gave in return not only to their employer but to their communities. Community and social activities grew up around workplace social clubs involving not only employees but their families and the wider community.

Training and Education

The two industries nationalized at the end of the war had poor infrastructure and relied on a skilled workforce to keep them running and training, supplemented by a workforce with huge experience, was hugely important. In the gas industry all Regions had at least one training college and vocational qualifications were undertaken with theoretical knowledge as the basis for the training. As one tutor said “its not only knowing what to do but why you are doing it that’s important”. The majority of attendees at the colleges were live in apprentices recruited at 15 or 16 and given four years college training interspersed with “on the job” training and a phased introduction to working alone. Numbers were always over recruited as it was expected that many would leave to become self employed or go into the private sector where training was poor. It was a national training strategy rather than an industry one. On privatization of the gas industry all colleges were closed and not another was trained for almost 10 years. Attitudes also changed with one manager claiming that our training was “gold plated” and not needed.

The nationalized rail industry too had training colleges but this was supplemented by a huge range of correspondence courses with not only vocational training but with educational courses in languages and varied subjects. I learnt double entry book keeping as well as signalling through the correspondence classes as well as tutelage from other workers. The rail industry was famous for its autodidacts and alongside the usual football and racing topics in the mess room politics and modern history had a place. Many had wartime experience and related them to their return to the UK and support for the Attlee government. Perhaps one of the greatest and strangest views I had was of a huge chalk religious mural on the wall of a goods van created by the guard while waiting for the train to leave.

In the rail industry great care was taken in training drivers and guards who had periods of accompanied time before being launched on their own. Most drivers spent several years as “second man” before driving on their own and although this was condemned as a “Spanish practice” by some outside of the industry I contrast this with the driver of the Paddington rail crash in the privatized industry on the second day after qualifying, driving perhaps one of the busiest rail junctions in the country. Later the same destruction of training was seen in the rail industry with the casualization of the Railtrack workforce and the end result of Hatfield, Ladbroke Grove and Runrigg disasters. The Ken Loach film “The Navigators” gives an insight into the times of rail privatisation of rail engineering. The quality of training not only kept the industry running but was productive and produced a high level of health and safety and job satisfaction.

An important element to the training of new employees in both industries was the passing on of experience from older workers with many years of service. The stability of the employment attracted workers to stay and follow career paths within the industry and to nurture younger joiners. Not only was the work experience valuable as much as the life experience of workers who had known not only harder times but often wartime experience. This created a great culture of learning and security for younger workers. I left home at 17 for work further afield on the railway and despite homesickness living in “digs” it was the comradeship of the older workers acting in a “father” capacity that made it bearable. It was not all milk and honey, younger workers were

expected to “know their place” and to respect the elder workers and that respect had to be earned. In contrast today the reliance on academic qualifications and rapid “fast tracking” has seen many young promising managers “crash and burn” or hold positions they can't wait to move on from rather than consolidating and gaining experience.

On privatization it was a priority of the new owners to break the culture of independence of the workforce and many of the older workers were the first to be singled out to be persuaded to go with enhanced redundancy and early pensions with devastating effects on the knowledge base of the industry. This followed by large scale contractorisation has led to poorer standards and a very different culture for workers. A recent discussion with a local youth worker highlighted the lack of stable, well paid employment with training and responsibility as part of the driving forces of gang culture and youth alienation.

Local Economies

As well as the community effect of nationalised industries and the political involvement of its workers the nationalised industries also had an economic effect on their locale. Almost every town had a significant part of its economy and labour market creating additional spend in wages and procurement but also, in effect, setting the “going rate” for Labour and soaking up excess unemployment. Important part of any town High Street was showrooms for utilities selling products but also providing advice and public services. These attractors also supported private sector shops in the area and local procurement created additional spend for private sector providers. Already mentioned was the significant overspill of training contributing to the quality of workers in the labour market. This was at a time when Keynesian economics recognised the importance of demand as well as supply. The importance of the nationalised and public sector to local economies has been rediscovered with initiatives such as the Preston Model in the UK and the Cleveland Model in the US attempting to recreate the local economy.

Conclusion

Although my picture is based on one person's view I believe it is representative and contradictory to the political view presented at the moment. The State is unpopular with politicians of both the Right and the Left at present but I think it is valuable to represent the positive side to the nationalized industries not only as an economic “commanding heights of the economy” strategy but also as a valuable “community cohesion” strategy. The economic and social strategies contrast favourably with the failed profit motivated ones now represented by the privatized industries. We may not go back to the golden memories of mine but there is a clear basis for State intervention and ownership of key parts of the economy without them being represented as giant unfeeling monoliths. They also have the ability to give the UK an opportunity to plan for the long term economic and social future. At the time of privatization the gas industry was supplying the Treasury with £300m each year and had energy buying capacity of thirty years ahead. The privatized rail network receives five times the subsidy than under national ownership and parts have had to be re nationalised because of financial or safety failures. Both industries profits could be described as “private taxation” rather than a “free market” solution.

Academic texts also show that unit costs under both public and private industries are similar and Shadow Business Secretary Rebecca Long-Bailey has spoken recently in defence of the performance of nationalised industries.

The Right will always damn the nationalized industries because of the lack of profit motive and the strength of its organised workforce but I believe that they also recognize its success and the challenge it gave to the capitalist model. Its venom knows no bounds and the recent publicity around the NHS is not a coincidence as the attack on it begins. The Left still lacks the confidence to celebrate our past but with the loss of the nationalized industries and its trade union participation Labour lost a political force to bolster its Parliamentary and Party role and it has never regained the traction in society to promote either democratic socialism or even mild social democracy. We are

beginning to witness the Thatcher legacy falling apart as well as the policies of this Government and we should recover our industrial past and celebrate it and not condemn it as the monolithic State.