

Mr Benn's mixture of good and bad

BRITISH industry is in a woeful mess; there is little disputing that and small comfort in the knowledge that nowhere in the world is industry doing outstandingly well at present. Nor is the malaise a thing of the recent past. For many years the danger signals have been flying, as Britain's growth has become sluggish and as industrial investment has fallen off.

A long period of decline will require a long period of recovery; certainly no tactical change of course that a single budget could effect will help much and this is the importance of Mr Benn's proposals in *The Regeneration of British Industry*, just published as a White Paper (Cmnd 5710). Nothing less than an immense strategic rethink is necessary and the time when industrialists could simply ask to be left alone is well past. The crudity, so far, of the advertisements of Aims of Industry—a group of employers dedicated to free enterprise—suggests that there are many who still do not appreciate that what is desperately needed now is discussion and not rhetoric. Lack of business confidence, which is what the decline in investment is all about, cannot be treated by urging support of the status quo.

That, at least, is certainly far from Mr Benn's intention. Government and industry, the document argues, have dealt too remotely with each other; and industry has seen the government's function as one of regulation. Now it is time for partnership, and this is being proposed in two fairly distinct ways.

First, there will be Planning Agreements with major firms to ensure harmony with national needs and objectives and to provide a better basis for governmental aid. The agreement will be a rolling three-year look at company plans, and if necessary will provide discretionary financial assistance. The agreement will be drawn up by management 'in close consultation with trade union representatives' who will be provided with all necessary information for effective consultation. The government sees this as a major advance in industrial democracy. In return for companies opening up their plans to Whitehall, they will have the benefit of "the government's views on the likely development of the economy".

The second proposal is for a National Enterprise Board (NEB) and it is through this that the government will channel large scale investment in exchange for equity. It will also take over the government's holdings in companies such as Rolls-Royce (1971) Ltd, assist industrial reorganisation, start new ventures and extend public ownership into profitable manufacturing industry by buying up to 100% of the equity. Criteria for acquiring a profitable company will include the danger of its passing into "unacceptable" foreign control, and the

stimulation of competition. The NEB may also take over an ailing company for reasons of regional employment or "industrial policy". The board will ensure that enterprises under its control fully involve employees in decision making. Mr Benn is restrained by the requirement that all major deals require government approval and the Cabinet, much less to the left on average than Mr Benn, will presumably moderate his undoubted vigour.

The timing of the document makes it quite obviously an election manifesto since nobody seriously believes there will not be an election before the White Paper can be put to the vote. And it is this reminder of the fluctuations of politics which casts some doubts on the two schemes. If a Labour government guarantees a three-year planning agreement, will a subsequent Conservative government dismantle it? Surely this would provide for even less investment confidence and so there is a need for the two major parties to hammer out something which they can each live with. The document, as it now exists is more moderate than was originally planned. Even so, the thought of trade unions looking at the books and helping to make decisions will still terrify most Conservative Members of Parliament and may make the whole programme unacceptable if Labour is still a minority government when legislation is being considered.

This would be most unfortunate. If there is one thing that desperately needs attention in Britain, it is the them-and-us divide which permeates industry and most other things too. Industrial democracy, common in many other countries, has to come soon and Mr Benn is right to push for it.

The other compulsory match for industrial management is with government, and this is a dubious affair indeed. The problem is that government has no evidence to show that it has any unusual skills or knowledge to offer. No doubt there will be some bright people recruited into the NEB and Planning Agreement section of the Department of Industry but on the whole staffing will be accomplished by shuffling the pack of civil servants. Is there any evidence that they will be a desirable commodity for industry? And the political masters; well they are much the same as those who were going to harness the technological revolution in 1964, and it is the failure to do that which has contributed much to Britain's present depressed state. No doubt the agreements will allow civil servants to pass on the minister's thinking in their offices instead of their clubs, but vigorous industry is more likely to be able to shape the minister's thinking by its successes than to be shaped itself because of its failures.

If the planning agreement concept suggests the gaining of doubtful benefits from Whitehall, the NEB investment and takeover scheme is worse. The reward for running a profitable company is to find not only the unions but also the government wanting a large piece of the action. No self-respecting manager will stay with a firm in which success is recompensed by loss of responsibility. If there is so much talent in Whitehall, it should surely be used to revive less successful industry.