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**William Harold Hutt on
Trade Unions, Wage Fixing
and the Rule of Law**

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Question: How long will it take us to get to a labour market regime based on freedom?

Answer. Some time after Bill Hutt becomes a household name among people who are interested in industrial relations

On the perpetuation of myths

Hutt's views will be widely regarded as heretical but if they stand up to criticism then the question will be asked: How did so many people manage to be so wrong for so long? For an explanation, consider what will happen if the contents of the **Bringing Them Home** (stolen generation) report find their way without qualification into the standard histories about the treatment of Aboriginal people that are used as the authoritative sources for all students and laypeople for a century or two. In addition, imagine a procession of films, novels, TV dramas, ballads and plays, both popular and highbrow, along the lines of the film **The Rabbit-Proof Fence**, perpetuating the same message. Then in the future anyone who attempts to tell the truth about this particular topic will have a hard time to get a hearing, especially if one of the major political parties and other significant interest groups benefit from the traditional story and the majority of the intelligentsia are passionately committed to defending it. Overseas readers need to know that the report in question was released amidst a deal of loose talk about genocide of the indigenous population. The "stolen generation" turned out to be an elastic figure in the range of 10%-30% of children, without reference to those who were "stolen" to save their lives or to remove them from situations where they were outcasts due to their mixed blood. The film was the work of a talented but ideologically driven artist, with a gross misrepresentation of a particular episode involving Aboriginal children.

8 Assumptions

The centralized system of wage fixing in Australia was designed to replace the "rude and barbarous" situation in the nineteenth century with a "new province for law and order". This expectation was based on a number of assumptions about the nature of the economic system that evolved in the Industrial Revolution and the place of the workers and their associations in that system.

1. The industrial revolution and the factory system resulted in a period of brutal exploitation of the labouring masses.

2. The workers were frustrated and oppressed by the Combination Acts which were designed to favour the employers and to prevent the workers from forming associations.

3. Labour has an inherent disadvantage in the contest with capital unless the state intervenes to provide assistance, especially by protecting the right to engage in collective bargaining and strike activity.
4. Labour had to wage a bitter struggle to achieve improved pay and conditions.
5. Collective bargaining by the trade unions is a manifestation of the solidarity of the working class to resist exploitation and get a fair go.
6. Wage rates are “indeterminate” so it is good for unions to bargain as hard as they can to get the best possible pay and conditions.
7. Strike activity with the use of violence against non-conforming workers is morally legitimate to adjust for the imbalance of power between labour and capital.
8. Collective bargaining, with strikes or the threat of strikes, is not only morally legitimate but it was also necessary to improve the share of the common wealth between labour and capital.

These views are deeply entrenched in the mythology and the ethos of the labour movement and in the community at large because they have been propagated in standard histories and in works of fiction (novels, films, songs, plays, and other works of art) and in folklore generally. As a result, most of them, if not all, would gain practically universal assent, even among people who deplore the abuses of trade union power and influence in modern times.

A person who used a combination of historical research, sound economic principles and clear reasoning to demolish each and every one of those eight assumptions deserves to be well known and well read, indeed he or she ought to be a household word in up to date and progressive intellectual circles. The person is William Harold Hutt (1898-1988).

The purpose of this paper is to summarise Hutt’s treatment of the eight assumptions noted above. He also pioneered public choice theory and other matters so I will attach an outline of his career to indicate that he probably belongs on a short list of the very important modern political economists. Several factors contributed to his low profile. He stood resolutely against the tides of fashion, especially the Keynesian diversion, and so he was marginalized in the mainstream of the profession. He spent most of his career in South Africa, substantially isolated from the informal networks of information and influence, even among like-minded colleagues. He was impatient with many of the technical terms that he considered to be unhelpful and he felt free to innovate, leading to suggestions that it was necessary to learn a new language called “Huttite” to follow some of his arguments.

The positive function of trade unions

It will be helpful to anticipate the predictable response from some quarters that this is all just “union bashing”. Neither Hutt nor any other responsible commentator has ever suggested that associations of workers should be suppressed, and that was never the

intention or the outcome of the British Combination Acts. Associations of workers had (and have) many useful functions in addition to acting as friendly societies for health and welfare provision. They could help their members to improve their qualifications and locate the best paid work, and they could provide legal advice and other assistance to members subjected to unfair treatment by management.

Even supporters of the centralized Australian system such as Keith Hancock know that the only way to improve the position of the workers at large is by way of increased productivity. This means that responsible unions will work enthusiastically with management to lift productivity by implementing improved work practices and new technologies. That is likely to reduce the need for personnel on site for the time being and that has prompted the unions to protect jobs in the short term rather than implement improved practices. Where unions succeed in that aim there is a cost in job creation both upstream and downstream from overmanned and inefficient sites. Progress occurs through the creation **and** destruction of jobs and the main game is to make both of those processes as painless as possible without cramping productivity and efficiency.

1. The brutality of the factory system

This is the idea that the industrial revolution and the factory system resulted in a period of brutal suffering for the labouring masses. For example Bertrand Russell wrote in **The Impact of Science on Society** “The industrial revolution caused unspeakable misery both in England and America. I do not think that any student of economic history can doubt that the average happiness in England in the early nineteenth century was lower than it had been a hundred years earlier; and this was due almost entirely to scientific technique”. This contention does not relate directly to the issue of trade union powers and privileges but the almost universal assumption of the horrors of the industrial system ensures that most people start off on the wrong foot when they start to think about industrial relations and wage fixing.

Hutt’s first published paper in 1925 was an exposure of the fraudulent 1832 Sadler report that provided much of the false and misleading information that ended up in the standard histories of the factory system (Cole, the Hammonds, the Webbs). Like the more recent report on the so-called stolen generation, witnesses were carefully selected and the evidence was cherry-picked to produce a wildly inaccurate picture of the conditions in the cotton mills. Engels, (the sponsor and supporter of Karl Marx) wrote that the committee “was emphatically partisan, composed by strong enemies of the factory system for party ends...Sadler permitted himself to be betrayed by his noble enthusiasm into the most distorted and erroneous statements.” Sadler’s work may be best described as a counter-attack by the Tories who were upset by their defeat on tariff protection and wanted to attack trade, industry and the new factory system by hook or by crook. The anti-market beliefs engendered by this piece of work and others of the same ilk have underpinned the counterproductive policies demanded by both radicals and economically illiterate conservatives to the present day. Hutt’s paper is on line at this address:

http://www.the-rathouse.com/Revivalist4/RC_FactorySystem.html

The Sadler report was so biased that a second committee convened with evidence taken under oath and a better representation of medical men and other witnesses. The more balanced picture delivered by the second committee never attracted the attention of the historians. To illustrate the extent of the fraud, the first report made much of the existence of children with physical deformities and disabilities in the workforce of the cotton mills. Sponsors of reform even paid a disabled man to go on a tour to demonstrate the effect of working in the mills. His disabilities had nothing to do with factory work and he eventually offered to change sides and tell the truth but no mill owner was prepared to sponsor him. The owners were not alert to the power of adverse publicity or the extent of ignorance about the real state of affairs and they thought that the claims of the reformers were so obviously bogus that reasonable people would not take them seriously. On the matter of children with deformities (which of course were common enough at the time) there was light work in the mills that could be performed by partially handicapped children, and permit them to make a useful contribution to the family income. Charles Dickens was even able to support himself at the age of 12, doing light indoor work while his parents were in prison for debt. Hutt reported that when children were banned from the factories they were replaced by Irish labourers at the same rate of pay.

A doctor noted that the conditions in the factories compared favourably with the great public (private) schools, rife with bullying and sadistic disciplinary practices, where the gentry sent their own children. Others pointed out that the domestic servants of the Tories who supported the reform worked longer hours than the millhands. Various of the Bronte girls, barred from factory work by their class and working as governesses, recorded bitter discontent in their letters at their hours and their pay compared with the situation of the girls in the mills.

Conditions improved for the masses as a result of the industrial revolution, although of course all boats did not rise at the same time or the same rate. The protracted Napoleonic wars caused a great deal of damage that would have slowed the rate of progress but that is rarely considered by critics of industrialisation. Hutt reported that progress occurred mostly by upward mobility to better paid work, rather than increasing wage rates for particular jobs.

Hence although there must have been some dilution of rising *per capita* outputs and incomes, because of population increases, it appears to be beyond doubt that the workers benefited *absolutely*... Then, in the light of a rapidly growing ability to produce, the traditional living and working conditions of the wage-earning classes came to be regarded for the first time as deplorable.

In other words for the first time in history the comparative disadvantage of the poor became a problem that had to be fixed up and it was not passively accepted as an inevitable part of the natural order of things. However the opposite spin was imparted by people who did not understand what was happening. **The cure of the problem was misdiagnosed as the cause.** In Hutt's words:

This remarkable upward adjustment in standards and hopes, reflecting a new humanitarianism, could well be regarded as emergent capitalism's outstanding attribute. So rapidly did the new (although partial) economic freedom cause people to change their judgments about what was tolerable that, in doing so, it caused the

very forces which were currently eradicating condemned conditions to be blamed for the existence of those conditions.

This remarkable inversion of the truth calls for more extended treatment and some preliminary thoughts are offered in the Appendix “The Lion and the Ostrich”. Part of the explanation was the negative attitude of the landed gentry towards the new class of industrial entrepreneurs. The Tories hated the factories and industrial development just as much as the radicals of the labour movement and they equally misunderstood the principles of economic growth. Consequently both conservatives and radicals promulgated the same mythology regarding the industrial revolution. To indicate the deeply entrenched antipathy of the gentry towards trade and paid employment of all kinds, it helps to recall the distinction between cricketers who were paid professional “players” and the amateur “gentlemen”. The two groups had separate dressing rooms and often came onto the field of play through different gates until this residue of feudal class distinctions was officially abolished at the end of the 1962 season.

2, 3 and 4. The Suppression of the Trade Unions, the Disadvantage of Labour and the Bitter Struggle.

According to the standard labour account, the English Combination Acts of 1799 and 1800 were deliberately designed to favour the employers and to prevent the workers from forming associations. One of the often-repeated stories to support this perception is the fate of the Tolpuddle Martyrs who were transported to Australia. As will be demonstrated below, this story rivals the Sadler report for misrepresentation of the facts.

In the chapter “Labour’s Bitter Struggle” in **The Strike Threat System (STS)**, Hutt sketched the history of the relevant legislation from the Middle Ages to the nineteenth century. The chapter is on line at this address:

http://www.the-rathouse.com/Revivalist4/WH_BitterStruggle.html

From the thirteenth century, the conviction clearly emerged that certain antisocial practices *affecting the pricing of products (including the product of labor)* had to be restrained for the common good. Thus, practices known as ‘forestalling, engrossing and regrating’ were forbidden by ordinances and statutes because these were supply and pricing procedures which were perceived to be exploiting the common people through the contriving of scarcities of food and necessities. (STS, p 28)

In other words the clear intent of this kind of legislation was to control what we would nowadays call restrictive trade practices. Hutt cited numerous examples of the application of these laws: in 1298 an organization of coopers in London was prosecuted for having agreed to raise the price of hoops; in 1339 there were cases brought against London carpenters; in 1349 against shoemakers; in 1773 the publicans of Westminster were warned that if they raised the price of beer collusively they would be prosecuted for conspiracy. It is important to note that the merchant and craft guilds that were constituted by royal charter enjoyed the privilege of being above the laws that controlled restrictive trade practices by other people.

Hutt wrote “The Webbs suggest, however, that in the *eighteenth century*, the common law was ‘constrained’ to convict striking workers. They present no clear evidence of any such ‘constraint.’ The facts suggest (1) that the tradition of no discrimination against labor was maintained, and (2) that there was considerable leniency in the administration of the existing laws when the alleged offense occurred in the form of strikes or strike preparations.” (STS, p 30).

Against the undocumented claim of “constraint” Hutt cited numerous instances of strike activity where the managers and the authorities were slow to make recourse to the law and willing to settle on a compromise. In serious cases of provocation, when matters came to court and the offence was proved, the penalties were lenient by the standards of the time.

As to the idea that the Combination Act of 1799 and the amended Act of 1800 represented a carefully planned and premeditated onslaught on the rights of the workers, on Hutt’s account:

The 1799 Act came to be passed *almost by accident*... What actually happened in 1799 was that a bill, more or less in the form of the 40 or so other anticombination statutes already applying to particular trades, was introduced in Parliament. The original aim in 1799 was simply to forbid “conspiracy” on the part of *millwrights*. During the proceedings Wilberforce (the famous antislavery champion) suddenly and unexpectedly moved for an amendment to make the principle apply to *all* industries and occupations. There seemed to be no good reason for opposing this amendment and the bill became law...

Hardly a bad thing, given the intention to control restrictive trade practices.

The important point to remember is that the new combination laws did not make any activities illegal which had not already been criminal offenses for centuries... Yet they are described as ‘severe,’ as inaugurating ‘a new and momentous departure,’ ‘a far-reaching change of policy,’ an era of ‘legal persecution’ of would-be strikers or strikers. These are descriptions of the acts by Sidney and Beatrice Webb, in a seriously slanted work characterized at times by meticulous scholarship—a work which has had an enormous influence in spreading the myth. The truth is, however, that the Combination Acts were just as leniently, almost half-heartedly, enforced as the common law against conspiracy (and the various special statutes forbidding conspiracy or combination in particular industries) had previously been. (STS, pp 31-32).

Hutt cited a great deal of evidence to indicate that the masters and the authorities bent over backwards to *avoid* prosecutions. Then, as now, the masters and managers recognized that they were best served by a harmonious and productive workforce, not one that was alienated and embittered.

As additional evidence of an almost unbelievable leniency in enforcing the combination laws between 1800 and 1824, we can consider the calico printers. Unable to get any effective protection from the law, a calico manufacturer expressed his grievances in a pamphlet in 1815. Addressing the union, he charged:

‘We have by turns conceded what we all ought manfully to have resisted; and you, elated with success, have been led on from one extravagant demand to another, till the burden is become too intolerable to be borne. You fix the number of our apprentices, and oftentimes even the number of our journeymen. You dismiss certain proportions of our hands, and you will not allow others to come in their stead. You stop all surface machines, and to the length even to destroy the rollers before our face. You restrict the cylinder machine, and even dictate the kind of pattern it is to print...You dismiss our overlookers when they don’t suit you; and force obnoxious servants into our employ. Lastly, you set all subordination and good order at defiance, and instead of showing deference and respect to your employers, treat them with personal insult and contempt.’ (STS, p 35)

The most commonly cited case that has been used to demonstrate the “savagery of the legal repression” that was ushered in by the Combination Acts is the action against the Tolpuddle martyrs. For example Hugh Stretton in his recent book **Australia Fair** referred to “some Luddite defenders of their traditional rights [who] had been charged, convicted and transported to New South Wales”.

Hutt reported:

This case involved farm workers who were trying to form an organization to force up their wage rates. They had established the ‘Friendly Society of Agricultural Laborers’ for their village. Now as a friendly society, such an association was encouraged [by an Act of 1793] rather than discouraged by the law. But as a cloak for illegal activities (including “conspiracy”), it was not immune from prosecution. In the Tolpuddle case, however, the alleged crime was not conspiracy, but “unlawful oaths.” The society, which had an elaborate ritual and rather frightening paraphernalia—for example, a picture of Death, “painted six feet high”—was demanding loyalty through the administration of oaths. (STS, p 37)

Such preparations were apt to lead to the burning of haystacks (the equivalent of losing a banana crop, with no prospect of compensation from the government) and even murder. The Reverend Patrick Bronte, living on the outskirts of a Yorkshire village through the Luddite disturbances, slept with a loaded pistol at his bedside in case of attack. (Each morning he discharged his pistol through the bedroom window into the nearby cemetery). Still the local justices were reluctant to launch a prosecution and instead warned the conspirators that the penalty for their activities was transportation. Under the previous Act the penalty was death and Hutt suggested that the reduced penalty may have encouraged the conspirators in their defiance. They persisted with their activities and a case was brought against five of the leaders, though all those involved could have been charged.

It was proved that illegal oaths *had* been administered—in view of the explicit warning, it seems quite recklessly and defiantly...The law (wise or unwise) was clear-cut. The offenses were proven. The court had no option. Yet the Webbs describe the conviction of the Tolpuddle offenders as a ‘scandalous perversion of the law;’ and because the sentence to transportation was confirmed by the Home Secretary, the Webbs refer to his ‘policy of repression.’ (STS, p 37)

The Webbs apparently neglected to mention that five years of the seven-year

sentences were subsequently remitted. Hutt noted that reduced sentences or quashed convictions were common in conspiracy cases. He also pointed out the need to see the sentences in the context of the times. The criminal law at that time imposed extremely harsh penalties for offenses of all kinds. Secondly, the official attitude from the government, down to judges and magistrates, supported by public opinion, was strongly influenced by the Terror after the French Revolution. People in England did not want to be so short-sighted and weak that fanatics could get out of control.

To summarise the results of Hutt's research on this topic, there is no reason to believe that the workers, as distinct from groups participating in restrictive trade practices, were subjected to any novel or oppressive constraints under the Combination Acts of 1799 and 1800, or indeed any other legislation, before or since.

More on Labour's Disadvantage

The idea of the inherent disadvantage of labour has been a potent influence in gaining widespread acceptance of the systematic use of violence and intimidation to pursue industrial claims. The mythology of struggle, "us against them", is explicit in the radical Marxist worldview and also in the militant but not necessarily Marxist sections of the labour movement.

The notion of disadvantage of labour versus capital is supposed to be self-evident, especially in the case of large firms, but it can be contested on the ground that the firm needs workers just as much as the workers need the firm, so it is just a matter of how much the firm is prepared to pay or can afford to pay in hard times. Commonsense suggests that firms, large and small, will do best with a productive, harmonious and healthy workforce, so there is no rational economic justification for managers to use high handed, unfair or unsafe practices.

Human nature being what it is, there is no doubt that cases of unfair treatment, including unfair dismissals, are going to occur. It is here that an association of workers has a role to play in providing advice, legal aid and assistance as required. There is a world of difference between the damage that is done in individual cases of unfair treatment and the mass unemployment and immiseration caused by the strike threat system in the course of obtaining better wages and conditions for the "bloody aristocracy" of labour.

Hutt challenged both of the myths (disadvantage and bitter struggle) in **The Theory of Collective Bargaining (CB)** and **The Strike Threat System**. It is not clear when there ever was disadvantage on the labour side because the history of industrial legislation from 1824 (repeal of the Combination Acts) is a record of the scales being tipped more and more in favour of labour at the expense of capital and managers. After the passage of the Combination Acts in 1799/1800 both the Tory and Whig Parliamentary representatives from industrial districts began to compete with each other in promises to abolish the offending Acts. This was achieved in 1824. The process of angling for the vote of the trade unionists became more intense each time the franchise was extended and in 1905 the Liberal Party under Lloyd George paid off its electoral debt by legislating to restrict the possibility of tort actions against trade unionists who caused damage in the course of industrial action. This probably paved the way for the British General Strike of 1926, essentially a declaration of war on the

nation, a strike that was defeated but only at the cost of making the politicians too sensitive to union power to take the necessary steps to get the wheels moving during the Great Depression of the 1930s.

Even without a leg up from the government, trade unionists soon learned to use a variety of techniques to obtain their objectives by destructive and productivity-eroding means: the strike in detail, when one competing firm after another is subjected to strike activity; the “go slow” or work to rule; bogus safety issues and outright sabotage at sensitive stages of work such as concrete pours, harvesting and the transport of perishable goods. The question has to be asked, what do they think they are achieving for the workers at large and the common good, by these tactics? Lady Barbara Wootton of the British Labor Party provided an answer, cited by Hutt (STS, p viii). It is “the duty of a union to be anti-social; the members would have a just grievance if their officials and committees ceased to put sectional interest first.” This brings us to the solidarity of the workers.

Myth 5. Working class solidarity vs the bloody aristocracy of labour.

One of the most resonant myths about the origin of the strike-threat system is that it emerged out of a concerted struggle of the poor against subjection by the employers. Hutt wrote:

The truth is that, with hardly any exceptions, it was relatively affluent artisans (by contemporary standards) who first organized for the collusive pricing of their labor. And their motive was, in every case, to defend their privileges—special rights which were contrary to the interests of the poorer classes. On this point, even the Webbs note: “It is often assumed that trade unionism arose as a protest against intolerable oppression. This was not so.” Labor unionism emerged indeed in the form of a strongly class-conscious movement, expressing a determination to maintain a class structure. Throughout, this has been an unchallengeable attribute of the union form of organization. The Webbs describe the union system as “strengthening the almost infinite grading of the industrial world into separate classes, each with its own distinctive ends, and each therefore exacting its own ‘rent of opportunity’ or ‘rent of ability.’” (STS, p 26)

Hutt pointed out that the last terms actually refer to privilege, though the Webbs were too delicate or biased to say so. Hutt went on: “The defense of such privilege was, in the Webbs’ words, ‘the common purpose’ of nearly all eighteenth-century combinations. Already, in that century, workers’ combinations in Britain had resisted powerful equalitarian forces that were being released through the emergence of freer markets in most spheres.”

It was noted earlier that the early trade unions evolved from the privileged and protected guilds and crafts operating under royal charter and the mentality of exclusion persisted, even when trade unionism became a mass phenomenon at the end of the nineteenth century. Despite this, an early commentator described the trade union movement as one universal protest against injustice from the whole field of labour. Hutt attributed this view to the ignorance of typical upper-class people during the 19th century who were completely out of touch with the world outside their narrow circle.

To them, there was only one working class - an inferior class that, led by demagogues and agitators, that was trying to usurp political and economic power. Apart from the economists, a few enlightened industrialists and a few philosophers, they had a vague belief that the drudgery of the masses was necessary for the leisure of the few, that their subservience was the natural order of things, and that low wages were good for trade. They were very glad to have it on the authority of the economists that these evil and rebellious combinations were ineffectual. (CB, p 9)

On top of that, the most prominent historians of the labour movement, like the Webbs, were partisans in the class war and strong opponents of classical economics which represented what we would nowadays call economic rationalism. The Webbs sometimes admitted the existence of monopolistic tendencies on the part of unions, but they never publicly deplored the downside of militant unionism even though during the Great Depression Sydney Webb wrote scathing comments in his diary, referring to the union leadership as “greedy pigs”...”sabotaging British industry”

For a more realistic opinion Hutt turned to some alternative views, such as William Thompson, a friend of Robert Owen, who some regarded as the most significant founder of modern scientific Socialism and the originator of the idea of ‘surplus value’.

Thompson can hardly be regarded as a biased witness against working-class bodies. He was, we are told, of the most kindly and gentle disposition, but when he considered the workmen’s combinations of his day he was moved to passionate condemnation of them. To him they were “bloody aristocracies of industry...The apprenticeship or excluding system depended on mere force and would not allow other workers to come into the market at any price...It matters not,” he said in 1827, “whether that force...be the gift of law or whether it be assumed by the tradesmen in spite of the law: it is equally mere force.” (CB, p 10)

Gains [of the few within the circle of the combination] were always “at the expense of the equal right of the industrious to acquire skill and to exchange their labour where and how they may.” This is the founder of scientific Socialism speaking - not an employer. “Will they then resort to force to put down the competition of the great majority of the industrious and thus erect a bloody (for force will lead to blood and without blood no aristocracy can be supported) aristocracy of industry?”. (CB, p 10)

The early literature of the trade union movement is full of with abuse amounting virtually to dehumanisation of the unemployed or lesser workers, ‘knobsticks’ and ‘scabs’, who were regarded as a threat. J S Mill summed up this attitude in his attempted justification of enlightened unionism in 1869. Acting as the unions’ advocate he put the following words into the mouth of their witness:

Those whom we exclude are amorally inferior class of labourers to us; their labour is worthless and their want of prudence and self-restraint makes them more active in adding to the population. We do them no wrong by entrenching ourselves behind a barrier, to exclude those whose competition would bring down our wages,

without more than momentarily raising theirs, but only adding to the total numbers in existence. (CB, p 11)

So much for the solidarity of the working class. As Hutt suggested, it is mostly about the protection of privilege. Antipathy towards other workers who happen to be outsiders to the privileged group is the very reverse of working class solidarity and this is expressed in demarcation disputes and contests for membership and control of the workplace. Above everything else the lack of solidarity of the working class is manifest in the pay and conditions achieved by the most powerful unions, through strikes and the threat of strikes and other exclusionary and productivity-eroding practices that have damaged other industries, the workers in those industries and the community at large.

6. Wages are “indeterminate”.

An essential prop for the theory of collective bargaining is the idea that wage rates are “indeterminate” so that it is essential to push for a higher rate, like a determined seller haggling at a market stall. One of the fallacies in that analogy is that a potential buyer at a market stall can refuse to accept the price that a seller demands, they can walk away and leave the item for others to make an offer. But the striking workers who walk away from their jobs do not leave them for others to take up, they enforce a picket line to keep the facility idle until such time as they choose to return. And a factory owner, unlike a buyer of merchandise, is not usually in a position to walk away and leave the investment behind. That is also a part of the argument against the idea of the natural advantage of capital.

A large part of Hutt’s book **The Theory of Collective Bargaining** is devoted to a review of the literature on the “indeterminateness of the price of labour”. This theory challenged the older “wage fund theory” according to which wages took up some fixed proportion of the national product and if some workers increase their share, then others have to make do with less. The apparent demise of the wage fund theory opened the gate for unions to push as hard as they could with the apparent blessing of economic theory (if they wanted it).

Hutt suggested that the more robust case against the “laissez faire” approach by trade unions is based on considerations of productivity and the downstream effects of anything that undermines it. Equally damaging are the consequences when governments intervene or unions conspire to set wages too high. Wage gains that are not related to productivity cause inflation that impacts on other workers and the community at large. And the legal minimum wage is likely to make the slow, the unskilled and the inexperienced unemployable at “the going rate”. That is Hutt’s label for the highly effective exclusionary device which parades as a protection for the workers, when in fact it guarantees long term unemployment for those at the bottom of the heap.

This section in Hutt’s first book is not his clearest piece of writing and the exposition is much improved in **The Strike Threat System**. The main message that emerges is the unsatisfactory level of argument and evidence adduced even by significant theorists such as Mill and Marshall when they alluded favourably to the “indeterminateness” theory.

The other point that Hutt picked up from his research on this debate was the problem experienced by classical economists in exerting any impact on public opinion and government policy. He became alert to the ways that “power thought” and “custom thought” trump “rational thought” in the formulation of economic policy. His investigation of this phenomenon resulted in his book **Economists and the Public**. Closely related to that problem was the capitulation of many economists to the hegemony of “the politically possible” so they were not prepared to address the general public and explain the policy options and the likely outcome of each. His reflections on this topic appeared in the book **Politically Possible....?**

7. The moral legitimacy of violence by trade unionists.

At this point we approach the remaining assumptions with some layers of protective misinformation cleared out of the way. But still the going is likely to be heavy.

Unfortunately most writing on this topic is emotion-charged. That is hardly surprising. The strike is a form of warfare and the expectation of its use—as a fact or as a threat—has come to condition nearly all private policy in determining wage offers. The strike-threat system has created a species of continuous aggression and resistance to aggression; and union policymakers have felt it essential to keep alive suspicion and hostility toward management and investors...Time-honored but virtually fictional stories of the inequities and iniquities of former days are propagated and reiterated with conviction by public-spirited novelists, journalists, jurists, clergymen, and academics, as well as by parties seeking to exploit the myths. (STS, p 22)

Hutt noted that exploiters of aggressive nationalism usually make much of legendary struggles for “freedom” in ages past, so unionists and their apologists have perpetuated the myths of “labor’s bitter history.”

The threat of violence is usually kept hidden (the gun under the table) as much as possible in genteel talk about “collective bargaining”. This is the term invented by Sydney and Beatrice Webb to describe the function of trade unions when they represent the workers to negotiate with management on wages and conditions. It is particularly useful for their purposes because it conveys a picture of convivial and benevolent solidarity among the workers. As described above, this picture has turned out to be an illusion. Worse, the innocent sounding words do not signal the role of violent coercion, which has usually been an ingredient of strike action, which in turn is an essential adjunct to collective bargaining.

The question of the moral legitimacy of “the right to strike” is confused by the different meanings of “strike” and “the right to strike”. It is often presented as a self-evident fact that workers have the right to absent themselves from the workplace in a free society. From this it is supposed to follow that there is a right to have mass “absenting” when the shop stewards signal “all out”.

Leaving aside the matter of contractual agreements that may be violated by leaving work at short notice, the gritty moral issues arise when (a) not all the workers want to

go out and (b) management tries to recruit replacement workers for the ones who have gone out.

What is the legitimate use of violence? It is generally accepted that the state, or at least agents of the state, have the right and indeed the duty to use violence (under clearly defined rules) to maintain law and order and to protect the realm. The lawful use of private violence is generally restricted to self-defence. In the light of this principle, the use of violence by trade unions to enforce conformity in strikes and the use of violence on picket lines is clearly outside the law unless the law has been revised to permit the unions to operate outside the limits that apply to everyone else.

Hutt put the question in strong terms in **The Strike Threat System** – “I want the reader to consider whether the survival of the democratic system may not be dependent upon a general recognition of the illegitimacy of privately motivated coercion *in all forms*”. The particular form of coercion that he had in mind of course was the violence of striking workers.

The acceptance of trade union violence is one of the great blemishes on the face of the western democracies. The tolerance that is extended to trade unionists in that respect (and not generally to common criminals) reflects the hold on the popular imagination that is exerted by the mythology of the labour movement. This was very clear during the waterfront dispute of recent memory when the liberal intelligentsia and sympathetic commentators in the media lined up to support the wharfies without blinking an eye over the potentially lethal violence that they were using. The ultimate absurdity of their stance was demonstrated by the suggestion or implication that the substitute dockworkers were equipped with balaclavas and dogs in order to inflict violence instead of the real reason which was to save themselves and their families from violent retribution.

8. Collective bargaining to even up the shares between labour and capital.

Reasonable and peace-loving supporters of the labour movement may concede that violence in industrial relations is an evil, but they may argue that it is (or was) a necessary evil to obtain justice for the downtrodden and disadvantaged. Can these people continue to defend the strike threat system if it is demonstrated that the main beneficiaries are the most reckless and violent players, the “bloody aristocracy of labour” whose members achieve pay and conditions that most other workers, white and blue collar alike, can only dream about?

The humanitarian purpose of collective bargaining is to improve the lot of the working class as a whole by a redistribution of wealth from capital to labour. This is the central point that Hutt contested in his two major books on collective bargaining and the strike threat system.

Those books argue, in some length and detail, that claims enforced by the threat of strikes can only advance sections of the labour force at the expense of unorganized labour, the unemployed and the community at large without affecting any overall transfer of wealth to the working class at large.

He spelled out how the threat to disrupt the entrepreneurial process by the concerted withdrawal of labour (boosted by supplementary force) has:

1. severely curtailed the wages-flow;
2. raised the cost of the capital resources which constitute labour's tools;
3. extensively attenuated the wage-multiplying power of the assets provided;
4. aggravated inequalities of income;
5. materially worsened industrial relations, tending to destroy the workers' dignity, their pride in achievement and their sense of purpose;
6. often frustrated attempts to improve conditions of employment in the work-shop and office;
7. mitigated against the market provision of employment security;
8. through the increasing pressures of 'wage-push' in recent years [the 1920s], been mainly responsible for the political expediency of inflation.

As far as Hutt could find in the literature, unprotected and non-unionised workers gained proportionately as much from general upward movements in productivity as workers in unions. It seems that there is no clear correlation between the degree of unionization and the speed of wage-rate increases.

The exceptions to that pattern are (a) the "bloody aristocrats of labour" who do better than average and (b) workers (or the unemployed) who do worse than average either because they are excluded from any kind of work by "the going rate" (wage rates set too high which render them unemployable) or because they are kept in lower paying jobs by exclusive practices enforced by the strike threat.

The evidence establishes, indeed, that the wholly "unprotected" wage earner, with no union to offset his supposedly inferior "bargaining power," gains proportionately as much from general economic progress as the wage earner in a "strong" labor union *unless exclusions enforced through strike-threat pressures* (or other causes) *are currently pushing him further down the scale of relative wage earnings*. That is, in the relatively low-productivity spheres to which the "unprotected" are often confined by the "protected," earnings tend to increase as rapidly as they do in the privileged spheres. (STS, p 22)

On point 1 above, Hutt referred to some tendentious writing by the Webbs regarding the eighteenth-century unions being "forced" into demanding protection because the industries in which their members were employed were menaced by "pauper labor." Hutt argued that the industries where union members were employed would have prospered if labor had been recruited from less productive and less well-paid occupations. Releasing the "paupers" from their poverty would have enabled them to buy goods and services and generate multiplier effects that would benefit an ever-widening circle of trades and industries. In his view the unions were simply asking for protection of sectional privilege. "The interests of those referred to as 'pauper labor' were regarded as of no importance, either by the unions or - (in this context) by their famed defenders, the Webbs."

Point 5 is illustrated by a story told to me by an elderly German migrant who had been a skilled metalworker. During the war his house was destroyed by allied bombing and so he slept at the factory which was also substantially damaged. At the end of the war there was no direction from anyone and no home to go to, so he and his

fellow workers set to work to rebuild the factory. He came to Australia and plied his trade in a metalwork shop. Late one afternoon he made a mistake with a job and he was still making good the damage when the “knock off” hooter sounded. A shop steward appeared and told him (with some interesting use of language) to desist. He protested that he was fixing up a mistake in his work. It was his fault and he just wanted to make it good before he went home. The shop steward promised that if he tried that stunt again the whole shop would be called out on strike. So much for commitment to quality and personal responsibility.

The cure that Hutt proposed was the enactment of the principle underlying the British Combination Acts of 1799 and 1800 adapted to the present day. The reform suggested:

1. would bring to an end an era of distributive injustices and tolerated poverty-creation;
2. would raise the material welfare of perhaps 90% of the people;
3. would release resources for new occupations in which the product enriches life;
4. would enormously increase income security; and, above all,
5. would bring about an unprecedented improvement in the quality of human relations.

Remarkably, William Stanley Jevons anticipated much of Hutt’s case in his book *Methods of Social Reform and Other Papers* (1883).

http://oll.libertyfund.org/Texts/Econlib/Jevons0331/SocialReform/0236_Bk.html#LF-BK0236pt01ch05lev1sec006

Among other things Jevons made the following points.

Firstly. The supposed struggle with capitalists in which many Unions engage, for the purpose of raising wages, is not really a struggle of labour against capital, but of certain classes or sections of labourers against other classes or sections.

Secondly. It is a struggle in which only a few peculiarly situated trades can succeed in benefiting themselves.

Thirdly. Unions which succeed in maintaining a high rate of wages only succeed by PROTECTION—that is, by levying contributions from other classes of labourers and from the population in general.

Fourthly. Unionism as at present conducted tends therefore to aggravate the differences of wages between the several classes of operatives; it is an effort of some sections to raise themselves at the expense of others.

At the end of the argument Jevons concluded:

The Unionist overlooks the fact that the cause to which he is so faithful, is only the cause of a small exclusive class; his triumph is the injury of a vastly greater number of his fellow-workmen, and regarded in this point of view, his cause is a narrow and selfish one, rather than a broad and disinterested one. The more I admire the perseverance, the self-forgetfulness, the endurance, abstinence, and a hundred other good qualities which English workmen often display during the conduct of a great trade dispute, the more sincerely do I regret that so many good

qualities should be thrown away, or rather misused, in a cause which is too often a hurtful one to their fellow-men.

Conclusion.

Mistaken views about the past are a living force in the present, as shown by a letter to the Sydney **Daily Telegraph** 10 April 2006:

Union membership has fallen steadily, in part because of the institutionalised protection that up until now has been build into the industrial system.

Unionism itself arose as a response to the unrestrained greed and uncaring attitude of the early industrialists. That greed and uncaring attitude is alive and well today and more common than many of us would like to think possible.

Nothing concentrates the thought processes like self-preservation, and people are worried about their future and the future of their children.

I believe that Mr Howard's much-vaunted political nous is awry in this instance and there will be a reckoning.

For the record, I am not a union man or, up to now, a Labor voter. But I am worried and I vote.

We need to learn from the mistakes of the past if we can, otherwise we may have to repeat them. Many people will not find all of the views in this paper congenial at first glance and some will strongly dissent. The nature of the objections will be revealing and it will be interesting to note how many people offer considered arguments and evidence to support their case and how many adopt the approach described by Stuart Macintyre in **The History Wars**.

They obey only Rafferty's rules. They caricature their opponents and impugn their motives. They appeal to loyalty, hope, fear and prejudice. In their intimidation of the history profession, they act as bullies. In submitting history to the loyalty test, they debase it. (p 222)

Of course people who have imbibed the eight assumptions virtually with their mothers milk and those who use them to justify their own careers will need some time to assimilate Hutt's message. Strange as it may seem, some may not even try to do so, although this will not apply to those thinkers and scholars who accept that their first responsibility is to be prepared to reconsider each and every assumption that they hold.

As noted at the start of the paper, if Hutt's ideas turn out to be robust even in part, then interesting questions will be asked about the academics and other intellectuals who were supposed to be tending the flame of independent scholarship. I think it is fair to say that Bill Hutt was a true scholar and a gentleman, painstaking, thorough, courteous, engaged and caring. His criticism of the mythology of the labour movement was not motivated by any sectional interest but rather by the quest for truth. In addition he was convinced that the poor and the weak will be major beneficiaries from the market order, operating under the rule of law, in a moral

framework that includes honesty and compassion. This especially applies to the unemployed who for various reasons ranging from partial handicaps to lack of training and experience have to be junked from the workforce because they cannot be gainfully employed at the minimum wage rate.

The career of William Harold Hutt

Bill Hutt's father was a skilled tradesman, a compositor and a reluctant trade unionist with W H Smith and Son. Hutt completed high school during World War I and trained as a pilot but the war finished before he gained his "wings". He recalled that he could take off quite well but he had some problems with landing which prompted his wing commander to complain that Hutt was inflicting more damage on the RAF than the Germans could manage at that late stage of the war.

He took a commerce degree from the University of London and from 1924 until 1928 he worked as a personal assistant with the publisher Sir Ernest Benn. He wrote his first paper in 1925 to describe how the enduring mythology of the evils of industrialisation and especially the cotton mills can be traced to the fraudulent "Sadler Committee" report of 1832.

In 1928 Hutt left England to take up a post as senior lecturer at the University of Cape Town. He later became the Dean of Commerce and pursued a highly productive career with some scores of articles and ten books. He spent the years of his active retirement as a visiting professor at various US universities.

Books

The Theory of Collective Bargaining, 1930
Economists and the Public, 1936
The Theory of Idle Resources, 1939
Plan for Reconstruction, 1944
Keynesianism - Retrospect and Prospect, 1963
The Economics of the Colour Bar, 1964
Politically Impossible...?, 1971
The Strike-Threat System, 1973
A Rehabilitation of Say's Law, 1975
The Keynesian Episode, 1979

His three main areas of interest were labour economics, public choice theory and monetary theory, although as a political economist in the great tradition he always had the bigger picture in mind as he addressed particular problems and issues.

Labour economics

His first book, **The Theory of Collective Bargaining** was subtitled **A critique of the argument that trade unions neutralise labour's 'disadvantage' in bargaining and enhance wage-rates by the use, or threat, of strikes**. He returned to this theme many years later with **The Strike Threat System: The economic consequences of collective bargaining**. In between he wrote a major work on unemployment, **The Theory of Idle Resources** to provide an alternative explanation to that of Keynes and the Keynesians.

Public choice theory

Hutt's work on the economic impact of the labour unions in the nineteenth century drew his attention to the rise of the vote-buying motive in politics as the working classes gained the franchise. This led him to some insights about politics and the behaviour of politicians that have become known as 'public choice theory' from the work of Schumpeter and later Tulloch and Buchanan. The Australian historian Keith Hancock was also a pioneer in this field. In his book **Australia** (1930) he described how the major parties were forced to compete for the votes of minority interests in marginal electorates where the major players are evenly matched.

The same necessity which moderates the zeal of Labour politicians moderates the ardour of their opponents. They, too, must go scouting from their base of class interest and instinct and theory far out into the electoral no-man's land, where free companies and guerrilla mercenaries wander irresolutely between the two armies which chaffer for their support. The free companies are sometimes ridiculously small but their adherence to one side or the other is decisive of electoral battles. Their numbers may be contemptible but their price is high. (p. 189).

Hutt's second book, **Economists and the Public** appeared in 1936. He wrote in the Preface "The present book has arisen out of what I originally intended to be an important side-issue in a study of a certain equalitarian and democratic ideal, namely, the competitive system. But further reflection caused the problems here dealt with to acquire major importance and demand separate treatment".

The "side-issue" that he felt obliged to address was the overwhelming opposition to free enterprise capitalism and free markets among intellectuals, politicians and other people of influence. Hutt's deliberations on the anti-free trade mentality drove him to a major survey of the nature of the social sciences and their relationship to public opinion and politics. The book appeared in the same year as the blockbusting **General Theory** from Keynes and Hutt's book made no noticeable impression although it still speaks to our condition.

The Failure of Debate

Hutt wrote two books on Keynes and the general theory. In the Prologue to the second book he noted the general failure of Keynesians to come to grips with (a) the U-turn to "classical" thinking and policy prescriptions in the later essays of Keynes (including posthumous essays which were almost suppressed) and (b) the possibility of scholarly and carefully considered criticism of the doctrines and methods of **The General Theory**.

Apartheid

As a long term resident in South Africa, Hutt was well placed to chronicle the steady escalation of racial discrimination that ended up with apartheid, a process that resembled a boa constrictor, slowly crushing the life out of the economy. Written with malice towards none, **The Economics of the Colour Bar** sketched the disastrous outcome of a combination of racial prejudice on the part of the Afrikaners, unprincipled electioneering in Britain, white trade union exclusionism and socialist central planning on the part of various South African governments.

Hutt's outspoken views on these matters aroused official alarm as early as the 1930s when he warned that clauses in the constitution, originally designed by the British administration after the Boer War to entrench the voting rights of coloured people, were under threat. In 1955 his passport was withdrawn by the Department of the Interior but it was returned after the matter was raised in Parliament. In 1961, as South Africa was seceding from the commonwealth, he suggested in *The Times* that all South African citizens, regardless of race and colour, should be offered British citizenship.

The colour bar was a crippling impediment to the functioning of the private sector and the economic growth of the nation. As Hutt pointed out, it was always in the interests of the owners to liberate non-White labour but it took a long time before there were significant numbers of Africaaners among the owners.

Hutt resources on line

The Factory System. Hutt's 1925 paper, reprinted in **Capitalism and the Historians** (ed Hayek)

http://www.the-rathouse.com/Revivalist4/RC_FactorySystem.html

Chapter 3 "Labor's Bitter Struggle" from **The Strike Threat System**.

http://www.the-rathouse.com/Revivalist4/WH_BitterStruggle.html

Some critical comments on labor's disadvantage from **The Theory of Collective Bargaining**.

http://www.the-rathouse.com/Revivalist4/WH_Labor.html

The Economics of the Colour Bar. Extracts and extended commentary on the origins of apartheid.

http://www.the-rathouse.com/Revivalist4/WH_ColourBar.html

A paper by Peter Lewin describing Hutt's study of apartheid in South Africa.

<http://www.utdallas.edu/~plewin/Hutt.pdf>

The Mises Institute Tribute to Hutt.

<http://www.mises.org/huttbio.asp>

Richard Ebeling's tribute to Hutt.

<http://www.libertyhaven.com/theoreticalorphilosophicalissues/protectionismpopulismandinterventionism/william.shtml>

Hutt on the private use of coercive power by trade unions.

http://www.mises.org/journals/rae/pdf/R3_7.pdf

The first W H Hutt Memorial Lecture at the University of Capetown, by Charles W Baird, including a discussion of New Zealand's Employment Contracts Act.

<http://www.cbe.csueastbay.edu/~sbesc/lessons.html>

The Lion and the Ostrich

“Subconsciously, we still seem to resent the industrial revolution” (Michael Shanks).

This appendix takes its name from an essay by Arthur Koestler which he contributed to a series titled “Suicide of a Nation?”. Koestler’ essay described how the class structure of England and the mentality of the workers and the “toffs” made Britain the sick nation of Europe after World War 2. This is a remarkable achievement because Britain in the Victorian era was described as the workshop of the world, ruler of the ocean waves and arguably the premier world power.

The purpose of this appendix is to explain that the ideological battles of the last two centuries have involved at least three quite different clusters of ideas. The conventional notions of left vs right or capitalism vs socialism or labour vs capital are confusing rather than illuminating because they do not describe all the options that are available. In economic policy the free traders or economic rationalists represent a third party, quite distinct from socialists and conservatives who support very similar kinds of interference with markets, for much the same reasons, based on misreading of the lessons of the industrial revolution. Free traders have had to fight on two fronts and this accounts for much of the bad press and the seriously distorted picture of the free trade agenda that emanates from both the left and from many conservatives.

Koestler reported that in the period 1950-55 British exports increased by 6 per cent while those of the Common Market grew by 76 per cent. The comparative figures for the following five years were 13 per cent and 63 per cent. Through the 1950s no industrial nation had a lower growth of per capita output than Britain and the growth of the national income of the Common Market countries doubled that of Britain.

The British decline was the result of a long process and it has been suggested that England was the wrong place to lead the industrial revolution because the upper classes were hopelessly biased against manual work (indeed against paid work of any kind - recall the segregation of the professional cricketers), against wealth (unless acquired by inheritance) and against trade, industry and enterprise generally. Many of the new magnates bought country estates and blended into the old aristocracy, hoping that their past would be forgotten, quite unlike the US where self-made men were proud of their achievements and were happy to celebrate them in public.

Michael Shanks wrote in **The Stagnant Society** (Pelican, 1961):

One suspects that at bottom it is our inherited class system that is at fault. The old tradition that ‘a gentleman doesn’t indulge in trade’ lingers insidiously on. Too many of our top industrialists, one feels, are almost too concerned to be ‘gentlemen’ to be really good at ‘trade’. Too many others, because they feel themselves to be ‘traders’, and therefore not ‘gentlemen’, have a totally unjustified inferiority complex which makes them shun contact with the remote and rather frightening world of the universities. Subconsciously, we still seem to resent the industrial revolution. The ambition of too many industrial tycoons is to buy a plot of land and set up as a tax-loss farmer, and bring up their sons to be intellectuals, civil servants, or ‘something in the city’. Not since Marie Antionette milked cows

in the Trianon has there been a ruling class in Europe with such an urge to play the peasant. (p 214)

The genteel middle classes and especially the literati came to share the views of the aristocracy and the radical critics of trade and industry. Charles Dickens is just one of a galaxy of writers, poets, cultural commentators and even historians who failed to understand the nature of the processes that were at work and misrepresented either explicitly or by implication the reasons for the comparatively tough living conditions of the factory workers and other urban dwellers. The qualification 'comparative' is important because the baseline for comparison was usually the situation of the well to do, or else a sentimental and unrealistic image of the lifestyle of rural villagers and farm workers.

The case of Charles Dickens is instructive because he has lent his name to the "Dickensian horrors" of the time and because he actually experienced some manual work, unlike most of the educated commentators. Like the case of the Tolpuddle Martyrs, it is instructive in a different sense than that intended by critics of the system. Dickens spent 6 months at the age of 12 in a small blacking (boot polish) factory, owned by a relative, where he earned six shillings a week, working with a team of boys pasting labels on tins. This was a tragic decline for Dickens who had been living in ease and comfort because his father (John) enjoyed an income of 350 pounds per annum in the Navy Pay Office. Dickens senior had ideas above his station, possibly because he grew up in contact with the grand house of Lord Crewe where his father was the head butler. John Dickens and his wife habitually lived beyond their means and they spent almost six months in Marshalsea debtors prison until a relative left a legacy that paid off the creditors. For some reason Charles was not immediately released from the job and he believed that his mother actually wanted him to stay on, presumably because he was supporting himself with his earnings. A system where a 12 year old child can do that is not all bad.

During those months Charles visited his parents daily but he lived in desperate uncertainty about his future. The experience was so traumatic that the theme of the abandoned child is a recurring motif in his books. The horror of the experience had nothing to do with the work itself which was light, safe, and indoors. It was the violent reaction of a highly imaginative child to the sense of being betrayed by his mother and father, and "cast down" from his proper station in life. This was entirely the fault of his parents and it had nothing to do with his own working conditions or the industrial system at large. When Charles left the factory he completed his secondary schooling with three years in a private college.

In considering the conditions of the urban workers it is essential to check some aspects of the evidence that is tendered. First, ensure that the evidence was actually contemporary. Hutt reported that it was common for critics of the factories to make use of evidence and observations from previous decades, as though nothing had changed in the meantime. Second, take account of the options that were open to the workers and consider whether they would have been better off somewhere else, if indeed employment was available elsewhere.

As a result of propaganda from radical agitators "below" and the prejudiced literati "above", the relationship of cause and effect between free markets and welfare

became inverted and free markets have been blamed for practically every economic ill that afflicts the human race, from the suffering of the workers in the eighteenth century to the Great Depression.

Arthur Koestler's essay is a sharp-eyed outsider's account of the way that the spirit of enterprise in Britain was ground down between the millstones of trade unionism and the prejudices of the upper classes. He described the split personality of his adopted countrymen. "The Englishman strikes one as a hybrid between a lion and an ostrich. In times of emergency he rises magnificently to the occasion. In between emergencies he buries his head in the sand. [This] guarantees that a new emergency will soon arise".

Koestler escaped from Portugal, spent six weeks in Pentonville Prison as an illegal entrant and then joined the Alien Pioneer Corps to "dig for victory" on vital defence works. The foreigners in the Corps were "too keen" because they objected to the ritual tea breaks which involved marching back to barracks, losing hours of valuable digging time. The CO insisted that they would have to take the tea breaks, otherwise the British Pioneer Corps and the local trade unions would raise hell. This was a few months after Dunkirk, under the threat of German invasion.

In the course of digging for freedom and later in the Ambulance Service Koestler discovered a great deal about the lower strata of the working classes and he came to understand something of the cold class war that divided England. This was nothing like the Marxist class consciousness that he knew intimately from his involvement with the militant Socialist parties of Europe.

I soon learned that the world is divided into Them and us. The "T" is capitalised, the "u" is not. Politics hardly entered into this attitude; instead of the fierce class hatred which had scorched the Continent with revolutions and civil wars, there was a kind of stale, resentful fatalism. I learned to conform to our unwritten Rules of Life: Go slow; it's a mug's game anyway; if you play it, you are letting your mates down; if you seek betterment, promotion, you are breaking ranks and will be sent to Coventry. My comrades could be lively and full of bounce; at the working site they moved like figures in a slow-motion film or deep-sea divers on the ocean-bed. The most cherished rituals of our tribal life were the tea-and-bun breaks, serene and protracted like a Japanese tea ceremony.

Some of my buddies came from the slums; some of them had been taught as children to use cupboard drawers for chamberpots. The majority were a decent lot, with untapped human potential buried under the tribal observances.

Writing in 1963 he reported that the improved standard of living since the war had given the working classes the consumer goods and comforts of the middle class but the frontier between the two civilisations (he almost wrote two nations) remained in place. One side embraced a complex social pyramid with multiple subdivisions but a common commitment to some basic aims and values, mostly to do with gracious living or its outward appearance. The other side will have none of it, least of all aspirations for success.

In his view the British working class had become an immensely powerful, non-competitive enclave in a competitive society and most of that ethos derived from the culture and methods of the trade union movement. Koestler instanced the need for the socialist government in 1946 to call in the army to maintain food supplies during a strike by London transport workers. Another item in his 'This England' file was a strike by railwaymen at Southampton because they were no longer permitted to have their hair cut by railway employees, in railway time, on railway premises. Other items were more alarming.

In 1956 a Merseyside dispute between joiners and metal-workers about who should drill the holes in aluminium sheets led to a strike which lasted six months and attracted national attention. It was regarded as a kind of music hall joke, an endearing quaintness of characters out of Dickens. **Two years later, The Times reported that four hundred men had to be dismissed as redundant, eleven thousand were threatened with the same fate, that production on three vessels and a submarine had to be postponed indefinitely because the boiler-makers and the drillers could not agree who was entitled to use five stud-welding guns designed to weld nuts and thimbles to metal plates. It then transpired that the use of this quick and efficient method had been prevented by this dispute between the two unions for the last twelve years.**

Two vivid memories come to mind. First a scene in **Modern Times** where Charlie Chaplin, after several hours spent at the moving assembly belt going through the same sequence of three or four jerky motions, keeps repeating them like a wound-up automaton after the belt has stopped moving. The second is a television interview with two young Merseyside workers, occasioned by one of those demarcation disputes about who should drill the holes. Asked by the interviewer why they were opposed to young people learning more than one skill, to acquire more knowledge, flexibility and all-round understanding of the production process, the young lads rigidly, stubbornly, repeated: "Because that would lead to unemployment. We don't want to be pushed about. We remember 1929."

They did not, of course, remember 1929, only what their elders had told them and their union leaders had taught them. It was the sacred doctrine that the man who lays the cold-water pipes must not be allowed to lay the hot-water pipes, the man who makes the cable must not be allowed to make the casing for the cable, a doctrine which holds up as an ideal the narrowing of a man's potentialities, his rigid specialisation in a single, mechanised, automatic routine - his reduction to a robot. Chaplin's nightmare has become the boilermaker's dream.

In 1980 Koester reprinted this essay in a collection titled **Bricks to Babel** with a short postscript.

Since **Suicide of a Nation?** was published in 1963, the downward trend has accelerated, while the underlying causes which it attempted to indicate have become more visible. The ostrich's tail displays an occasional nervous twitch - but there is no sign to date of the lion rising to the occasion.

He did not realise as he wrote that the lioness had arrived!