

The structure of modern business (G.D.H. Cole)

665 The features of capitalism are: <sup>"first and foremost,"</sup> the direction of productive effort by large-scale business organisations, owned by a multitude of private individuals the vast mass of whom play no part at all in the active conduct of the enterprises in which their money is invested; and secondly, the existence of a huge class of labourers, who work for a wage or salary and have, as such, no part in the ownership either of the instruments with which they work, or of the goods which they help to produce. This divorce between the functions of labour and ownership is the most characteristic mark of modern capitalist operation.

666 ".... the modern workman lives by selling his labour. He cannot sell his product, both because he does not own it, and because its nature is such that he cannot possibly own it under modern conditions. In a sense, he has no product, and makes nothing. He only collaborates with a multitude of other workers by hand and brain in creating a product which is essentially the collective work of a complex and extensive economic group. Nor can he own his tools; for the simple hand-tools of the primitive craftsman have been developed into vast power-driven machines far beyond the power of the individual worker to own, and in most cases beyond the power even of the individual capitalist. Men must work together to create a modern product; and men must club together to buy the modern instruments of production"

When workers buy shares, than mostly of other enterprises, not of their own, to divide the risk. American economists sometimes look forward to a day when capitalism will have been completely "democratized", and the ownership of modern large-scale business will be entirely in the hands of small investors who are also workers by hand and brain in the various enterprises which they own. I see no sign of the actual approach of this hundred per cent American paradise; but even if it did come it is safe to predict that the dualism of labour and ownership will not be removed."

667 The typical form of cap. structure in mod. bus. is the joint stock company or corporation. .... Limited liability, the foundation of modern joint stock company law, was granted generally in Great Br. only in 1855. .... The private company, limited to 50 shareholders and not offering its shares for public subscription, were first recognised as a separate type in 1907 under British law." Result: family business became companies; enormous growth of subsidiary companies owned and controlled by the great joint stock concerns, <sup>but</sup> not subject to the same conditions in respect to publicity."

Increases part of business is now conducted "under the actual management of salaried officers who may, or may not, hold shares in them, but whose holding of shares or stock is in any case wholly irrelevant to their

668 managerial function. Not only labour and ownership, but also management and ownership, tend to become divorced. The typical administrator of modern business is not an owner but himself an employee" "This does not mean that he is governed by the will of the stock- or shareholders .... Only when something goes very seriously wrong ... does the typical shareholder usually make his appearance as anything other than the passive recipient of a policy laid down by the directors. These directors are, indeed, in theory the shareholders' appointees. But hardly more than in theory.... in practice, the directorate usually recruits itself by co-option or by a policy of representation of vitally important interests. In some concerns, the directors count hardly more than the shareholders in the real conduct of the business; and the effective control has passed almost wholly into the hands of salaried managers. In others, the directors count ... as controllers of ultimate financial policy ... and the productive control has passed into the hands of salaried managers who have little or no connection with the ownership of the business."

"Thus it comes about that most of the owners of modern industry neither possess nor desire any say in its control, and that a small number of great owners or administrators of large-scale business controls huge accumulations of capital belonging to other people. Probably the ownership of modern industry is becoming more widely diffused; but this does not prevent its control from becoming every year more closely concentrated."

669 ".... there has been a very rapid growth of subsidiary companies controlled by the big business concerns. Most big productive concerns, such as Vickers, or the General Electric Co, or Unilever, have under them a host of subsidiaries ... There is further concentration through the method of interlocking directorates ... and there are holding companies ... (we are now beginning to experience a still further degree of ... bringing about various degrees of unification over whole trades or classes of production) consolidation where - as in the new Coal Mines Act of 1930 in Gr. Br., or the Federal Farm Act of the U.S. - the State intervenes to bring about a compulsory unification of policy over an entire industry or service"

670 "The result of these changed conditions is ... a divorce between ownership and administration, as well as between ownership and labour. The three functions become more and more sharply differentiated ... brings new problems of its own. .... The stock- or shareholder ... he is merely a passive recipient of income" Can hardly lose his money, no risks now; will accept fixed rate of interest. "The entire amount of profit is not distributed in dividends; a substantial part is reserved in order to provide for the expansion of the business" .... "the process of investment ceases to be a voluntary act of the shareholder and is decided for him by those who control business policy" .... "the shareholder loses his last remaining positive function and becomes a mere claimant to income" "The decline of the shareholder as an active partner in business enterprise tends to raise the status of the industrial manager and administrator. .... The ~~managers~~ managers are less purely the servants of the shareholders and more the servants of industry .... hopeful development .... code professional behaviour and public service ..."

The power of the managers is increasing



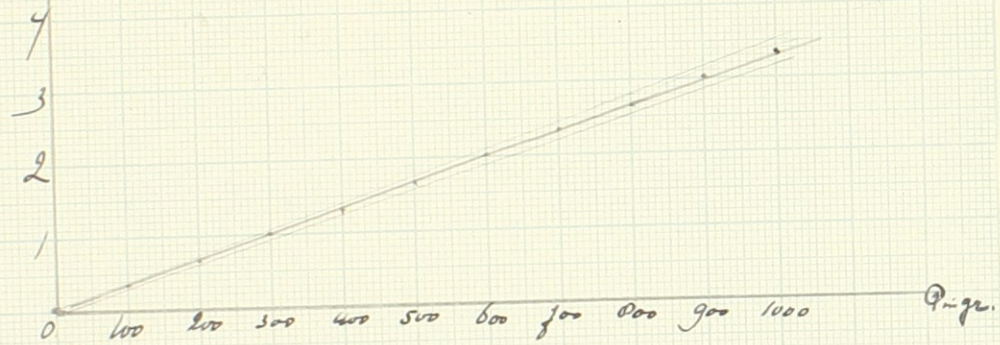
In het citaat v Cole pg 674 blijkt, dat hij de menschen, leden van de gemeenschap, niet ziet als produceerende, maar in de eerste plaats als consumerende, genietende, er voordeel van hebbende aandeelhouders. Daarvandaan die stelligheid, dat "het geheele volk" evenmin als het totaal der aandeelhouders, de industrie kan "managen". Het komt niet by hem op, dat dat geheele volk uit de arbeiders zelf bestaat, die als produceerende groepen hun eigen aandeel in het werk zeer goed kunnen "managen"; en het zullen doen ook.

Hij spreekt ook alleen van de vitale bedrijven, die de gemeenschap moet ~~zijn~~ uitoefenen. Maar hoe met de andere? De vraag wordt vaak aan de socialistten gesteld: boven welke grootte moet het gemeenschapsbedrijf worden, en waar, afdalende tot steeds kleinere, tot ten slotte eenmanswerk, moet het aan de Partikuliers overgelaten worden? In het raden-systeem is deze vraag vanzelf opgelost. Als de gezamenlijke deelnemers in een bedrijf samen de arbeid dirigeren en regelen en uitvoeren, is er nergens een grens of sprong; hoe kleiner de bedrijven, des te kleiner ook de groepen, tot één man toe; maar altijd zelf beschikkend: wie het werk doet, hebben het ook te regelen.



Ronde staaf:

binnen.





- 671 Workman has no recognised power... only a considerable negative authority - a power to veto or hamper the policy of the management... not recognised or sanctioned either by law or by the customary view... He is not regarded as a partner in the business... Under these conditions he cannot be expected to feel much responsibility for making the industry as successful and efficient as possible...
- 672 "The question here is: What can be done to enlist the great power that now resides in the workers' hands on the side of productive efficiency, in order to raise the national dividend and the workers' standards of life? ... The workmen remain a class devoid of recognised power or responsibility - a body external to the control of industry, whose rights are limited in the last resort to the terms of the wage contract."  
(Is this limitation inevitable?) "The workmen, or a large number of them, do undoubtedly resent their exclusion from a recognised share in the determination of industrial policy. This does weaken their sense of responsibility for doing the best work they can, and does create discontent and friction in the workshops..."
- 673 "For men who have votes, education and Trade Unions to back their demands simply cannot be managed by the same methods as the voteless and disorganised proletarians of a century ago. Because of these changes, and of the growth in the organised political and industrial power of the working classes, we live in a world that is full of projects of economic reconstruction... The broadest of all these questions is whether, in the countries of Western Europe, the capitalist system is to survive or not..."
- 674 Socialism, as a doctrine or plan of ec. org., holds that the direction and control of industrial policy should be in the hands, not of private owners of capital or their nominees, but of the community itself. It urges the socialisation of the vital industries and services, as a means of their collective control in the common interest. Of course, the community, like the private capitalists - and indeed to an even greater extent - would have to act through agents. The whole people would be no more able than the whole body of shareholders in a great modern enterprise to manage an industry. No less able either, one might add, for the thing is out of the question in either case... It would be necessary, under Socialism as much as under large scale capitalism, to entrust the actual management of industrial enterprise to salaried experts, chosen for their specialised knowledge and ability in particular branches of the work.

675 There is no reason to suppose that the methods of appointing the actual managers in socialised industries would differ widely from those already in force in large-scale capitalist enterprise.

676 There is no reason to suppose that socialisation of any industry would mean a great change in its managerial personnel

Dowde (Workers Federation of G.P.N. was vorgerichtet) "to entrust the direction of the industry to a representative Minis Council half nominated by the M.F. and half to represent other interests and groups concerned..."

677 3<sup>rd</sup> problem: construction and broad control of policy over a field wider than that of each single industry or service. Scheme presented by Par. Lab Party to Samuel Comm. 1926: in addition to the sep. direct body for each service, a central Power and Transport Commission; non-repres. body, chosen for indiv. qualities and capacities, entrusted by Parliament with wide powers of supervision and control.

We happen reads: Govt of London Authority; the Central Electricity Board, the British Broadcasting Corporation. "Unless joint planning principle is adopted" "It is clear that the various directing Boards and Commissions would have to be appointed by the Government". This is the existing practice, when such bodies exist; and no plausible alternative appears to be open.

678 "What is the place... of the ordinary worker?... they would have more security... But security could not be absolute; for obviously the volume of employment could not be kept stable and unchanging in each industry..." They (Guild socialists) wanted the leadership of industry to emerge from the will of the workers engaged in it, and not to be imposed on each industry from without.

"The Guild Socialist theories have left a strong impression behind. On one of their main points they have won over the main body of Socialist opinion. The other is still open to debate..."

"Thus the entire administration of the industry would be in the hands of persons chosen by those who were to work under them, and the conduct of economic enterprise would be made as democratic as that of the political State is supposed to be. No one, I think, now supposes experts matters to fall out after this wise."

679 "This representative machinery (Workshop Committees, Works Councils) would probably have, in the first instance, only limited functions; but an effort could be made gradually to delegate to it an increasing amount of actual power over such matters as the detailed organization of work in the factory, discipline, engagements, promotions and dismissals, and all those matters which are of close and direct concern to the ordinary worker in his daily life"

The Bismarckian

7) That each industry should have its own government



3. 12. '35.

A. F. Vester  
D

A 1 Aerometer.  
Versch. Waarnemingen.

1 <sup>e</sup> proefje	rechts	links
	42,65 - 8a	47,70 - 33a
	43,05 - 16a	47,60 - 32a
	42,70 - 9a	47,55 - 31a
	42,60 - 7a	40,00 - 41a
	43,40 - 17a	47,65 - 34a
	42,90 - 13a	47,55 - 32a
	42,60 - 7a	47,00 - 37a
	42,50 - 5a	47,05 - 38a
2 <sup>e</sup> proefje	43,40 - 23a	46,85 - 13a
	43,35 - 28a	45,95 - 5a
	43,20 - 25a	46,40 - 8a
	43,60 - 33a	46,40 - 8a
	43,40 - 29a	46,00 - 6a
	43,55 - 32a	46,20 - 6a
	43,40 - 23a	46,05 - 7a
	43,30 - 27a	46,20 - 6a
3 <sup>e</sup> proefje	43,40 - 40a	45,80 - 13a
	43,45 - 41a	45,50 - 7a
	43,50 - 42a	45,50 - 7a
	43,00 - 32a	45,45 - 6a
	43,15 - 35a	45,45 - 6a
	43,35 - 39a	45,35 - 4a
	43,45 - 35a	45,20 - 13a
	43,15 - 35a	45,60 - 9a

Dit (zuil) water is een directie die gekonstant  
 moet worden; maar doe twee maal het water  
 zelf temeerde worden. Maar bepaald, kunnen  
 tevens en gekonstante deel van personeel  
 wordt gemaakt, het is confusien. Slechts als zijgen  
 bepaal v. grooper is, maar samenwerkende organisatie,  
 uitgaan vanzelf bekende personen bekende middel halen, hetgeen opplaat. Slechts de naam geacht van  
 water; tem, onverschillig, de uit.

$$a = \frac{1}{50} \times 245 \text{ cm} = 0,049 \text{ cm.}$$

*smob*



(Rationalisation) places in the hands of great capitalist combines a wide power of restricting output and regulating prices.

681 On the other hand, it is clearly to the advantage of the community that industry shall be conducted as efficiently as possible. There is much waste in industrial processes, and rationalisation is calculated to reduce this waste and to increase the productive capacity, and decrease the costs.

683 "Rationalisation is being slowly forced upon British industry by the necessities of competition in the world markets."

682 "In most industries British employers are very jealous of their industrial freedom and very unwilling, save under the pressure of desperate need, to surrender their powers into the hands of any general regulatory body."

685 *Joint control and they might to strike*  
"the point, that any sort of 'joint control' of industry is really impossible. There must be in a business some one final authority — someone who has the last word; and this final authority, which really is control, cannot be divided between two groups that may differ on practical issues of policy. The final decision in matters of policy remains with those who represent the owners of capital."

686 "The workmen can give no positive orders; they can only refuse to obey and go on strike for as long as their resources allow. If the employer gives an order which the workmen will not accept they have to strike; but they have no power to give an order themselves."

687 *(min loan on man acct)*  
"These methods work only within narrow limits imposed by the actual operation of the capitalist system. The employer cannot be compelled to keep his works open, or to pay more than he is prepared to pay, rather than close them down."

687 "But this (employer's autocracy), it may be said, must remain <sup>true</sup> under any economic system [!]. The management, however it may be appointed and whom ever it may represent, must have the right to issue orders for the conduct of the work. True enough; but again the question is: Whom ought the management to represent?"

687 "The Socialist policy — is to replace the representatives of capital by representatives of the community in the final direction of industrial policy, and at the same time to delegate to the workers employed a larger, and increasing, but still subordinate, control over actual workshop administration. Socialism would not emancipate the workers from the need for obeying orders — for discipline is a necessity of industry under any conditions — but it would cause those orders to be actually issued to an increasing extent by representatives of the workers themselves, under the authority of a higher direction of industry representing the community as a whole. This, the Socialists maintain, would alter the entire psychological basis of industrialism, by making the workers feel that his orders came, not from a hostile and external power, but from an authority he would recognise as his own and that of his fellows."

Dan volst hoopstruylje over The incentive to labour

689 "They (the Soc) recognise ... that this new spirit can only be aroused gradually, and that the compulsion to labour in order to procure adequate means of life can be superseded only as it is aroused"

689 *I see some of the reasons!*  
"Few people want to be dustmen, or to descend the mine day after day, or to stand hour after hour mending an automatic machine. ... not spend eight, or even six hours a day, year after year, under the increasingly exacting discipline of the economic system. Nor could any practicable form of Socialism altogether change this; for, under any system, the world's work will have to be done, and a great deal of it will continue to be irksome in its regularity and even physically unpleasant in the doing."

692 *[Hemel juist hier Bernal, dat 'n aan machine veel interessanter; in boevendien tides overijf geheel en helpt leides]*  
"almost all Socialists envisage Socialism as involving a comprehensive Plan of the Russian type" *(meer (meer democratisch))*

693 "any State that desires to control industrial activity will find in the banking system a convenient and indispensable instrument of the policy"

698 America ... is still thinking in terms of a quasi-democratic capitalism, able to satisfy working-class aspirations by the offer of a rising standard of life and an easier movement from class to class than is possible in older countries.

699 "In Europe, at any rate, the current is well set in the direction of collective economic control and of experiments in semi-socialist organization. At present, the rate of advance is not rapid; for even capitalism in difficulties is very powerful in defence, and Socialism, without any clear majority of opinion behind it, can but attack a few outposts of the existing order"



Oppervlaktspanning (Vervolg)

Pijl:  $h$ .

$$1^\circ h = 0.703 \pm \frac{0.005 \cdot 3 + 0.007 \cdot 15}{4} \times 0.01 = 0.703 \pm 0.005 \text{ cm}$$

$$2^\circ h = 0.600 \pm 0.005 \text{ cm}$$

$$3^\circ h = 0.473 \pm \frac{0.005 \cdot 3 + 0.007 \cdot 17}{4} \times 0.01 = 0.473 \pm 0.0075 \text{ cm}$$

$$4^\circ h = 0.308 \pm \frac{0.005 \cdot 8 + 0.007 \cdot 21}{4} \times 0.01 = 0.308 \pm 0.0055 \text{ cm}$$

Hierbij konns nog de fout bij het bepalen van het oppervl. v.d. plaat verdeding. Schat deze fout op 0.005 cm.

$$1^\circ \sigma = \frac{1}{8} \left( \frac{z^2}{h} + h \right) P = \frac{1}{8} \left\{ \frac{(2.455 \pm 0.5\%)^2}{0.703 \pm 0.010} + 0.703 \pm 0.010 \right\} (26.93 \pm 0.4\%) =$$

$$= \frac{1}{8} \{ 8.4332 \pm 2.1\% + 0.703 \pm 0.010 \} (26.93 \pm 0.4\%) =$$

$$= \frac{1}{8} (9.136 \pm 0.1\%) (26.93 \pm 0.4\%) =$$

$$= \frac{1}{8} (9.136 \pm 2.4\%) (26.93 \pm 0.4\%) = \underline{30.8 \pm 2.8\%} \text{ dyne/cm.}$$

$$2^\circ \sigma = \frac{1}{8} \left( \frac{z^2}{h} + h \right) P \cos 30^\circ = \frac{1}{8} \left\{ \frac{(2.455 \pm 0.5\%)^2}{0.600 \pm 0.005} + 0.600 \pm 0.005 \right\} (26.93 \pm 0.4\%) \cos 30^\circ =$$

$$= \frac{1}{8} \{ 9.801 \pm 1.8\% + 0.600 \pm 0.005 \} (26.93 \pm 0.4\%) \cos 30^\circ =$$

$$= \frac{1}{8} \{ 10.401 \pm 1.8\% \} (26.93 \pm 0.4\%) \cos 30^\circ =$$

$$= \frac{1}{8} (10.401 \pm 1.8\%) (26.93 \pm 0.4\%) \cos 30^\circ = \underline{29.9 \pm 2.2\%} \text{ dyne/cm}$$

$$3^\circ \sigma = \frac{1}{8} \left( \frac{z^2}{h} + h \right) P \cos 45^\circ = \frac{1}{8} \left\{ \frac{(2.455 \pm 0.5\%)^2}{0.473 \pm 0.0125} + 0.473 \pm 0.0125 \right\} (26.93 \pm 0.4\%) \cos 45^\circ =$$

$$= \frac{1}{8} \{ 12.55 \pm 3.6\% + 0.473 \pm 0.0125 \} (26.93 \pm 0.4\%) \cos 45^\circ =$$

$$= \frac{1}{8} (13.023 \pm 3.6\%) (26.93 \pm 0.4\%) \cos 45^\circ =$$

$$= \frac{1}{8} (13.023 \pm 3.6\%) (26.93 \pm 0.4\%) \cos 45^\circ = \underline{30.3 \pm 4\%} \text{ dyne/cm}$$

$$4^\circ \sigma = \frac{1}{8} \left( \frac{z^2}{h} + h \right) P \cos 60^\circ = \frac{1}{8} \left\{ \frac{(2.455 \pm 0.5\%)^2}{0.308 \pm 0.0085} + 0.308 \pm 0.0085 \right\} (26.93 \pm 0.4\%) \cos 60^\circ =$$

$$= \frac{1}{8} \{ 19.25 \pm 3.8\% + 0.308 \pm 0.0085 \} (26.93 \pm 0.4\%) \cos 60^\circ =$$

$$= \frac{1}{8} (19.558 \pm 3.8\%) (26.93 \pm 0.4\%) \cos 60^\circ =$$

$$= \frac{1}{8} (19.558 \pm 3.8\%) (26.93 \pm 0.4\%) \cos 60^\circ = \underline{32.3 \pm 4.2\%} \text{ dyne/cm}$$

*MC*



G.D.H. Cole Theories and forms of political organisation

in „An outline of modern knowledge“ ed. by William Rose 1931

734 Underlying all these hesitations and experiments is the great question of Soc. versus Cap. Almost every State, except the U.S.A. has now within its borders a powerful Soc. movement organised as a party and strong enough to count in the making and unmaking of Governments ..... Soc Parties .. work for a gradual conquest of pol. power, and a gradual establishment of Soc. by parliam. means. ... the fact that class distinctions, and a difference of class point of view, now provide the most fundamental dividing line in the politics of the European nations ..... America may hold it off longer by continually broadening the basis of American capitalism through the wide diffusion of industrial ownerships among the working class; but this policy depends on the maintenance of high and rising wage-rates and on America's ability to make use of her huge productive resources without an upset of economic equil. such as threatens her to-day.

As long as the non-Soc. world can offer to its workers rising wages and reasonably steady employment it can probably stand out for capitalism against its own Socialists at home, and the influence of Russia upon it. But can the non-Soc. world continue to ensure these advantages? They look none too secure to-day; and I doubt if they can again be made secure.

735 If, as I believe, the world is on the verge of a Socialist era, what form is political organisation in the future likely to assume? .... The main question will be, not how we organise the machinery of government, but how we are to organise the entire economic and political life of the community, and of one comm. in relation to others. Politics and economics will cease to be thought of as mainly separate problems, and will present themselves as one and the same problem.

.... Any system which attempts to co-ordinate and control the economic life of the community must be worked through a variety of functional organisations, to which large powers must be delegated in their several spheres. The central organs of government must, if they are to work even tolerably well, fling off all detail and delegate all specific administrative tasks. If Parliaments anywhere can do this, and concentrate all their time and energy on the supreme direction of policy, they may survive, and deserve to survive. But can they? I gravely doubt it (each next Cos. will undo what former did) .....

736 If, then, Soc. is to come, I believe it will involve transitionally some form of dictatorship and, when that is over, a system of administration far more closely resembling Sovietism than parliamentarism .....



D6

Vervolg.

a

Zodat de eigenlijke ~~ten~~ max.  $t = 18,95 - 0,06 = 18,89^\circ (\pm 0,07)$

$$415,48 \times (18,89 - 16,93) = a \times 3,8 \times 1,25 \times 15 \times 60$$

$$\underline{a} = \frac{814,34}{4275} = \underline{\underline{0,19}} \text{ (rel. f. } 0,01 + 0,007 + 0,002 = 0,019 \text{.)}$$

Deur. bepaling van a. (met. werkd. I)

$$W + w = 168 \times 0,043 + 340,5 = 363,6 \text{ gr.}$$

$$E = 3,38 \sqrt{0,07} \quad i = 21,4 \times 0,05 = 1,07 \text{ A } (\pm 0,02)$$

$$t_{\text{max}} = 17,11^\circ \text{ Straling coëf. } A = 0,05$$

$$\text{aus } t_m = 17,11 - 0,05 = 17,06^\circ (\pm 0,01)$$

$$363,6 \times (17,06 - 15,22) = a \times 3,33 \times 1,07 \times 13,5 \times 60$$

$$669,02 = a \times 2886,03$$

$$\underline{a} = \underline{\underline{0,23}} \text{ (rel. f. } 0,003 + 0,006 + 0,021 + 0,008 = 0,040 \text{.)}$$