

least two months to clean out the group of Atlanticist politicians still buried within the party, pinpointing general secretary Bettino Craxi and the so-called intellectual wing grouped around ex-Action Party leader Riccardo Lombardi.

On Mancini's instructions, the PSI leader Zuccala called for a preliminary debate of PSI parliamentarians to discuss the overall strategy of the party — as a prelude to a PSI directorate meeting and subsequent DC-PSI meeting. The directorate meeting would have been the arena for an all-out fight with Craxi et al.

On Jan. 26, however, this meeting was sabotaged with only 20 Parliamentarians attending, forcing Mancini to back down in this round of the fight because he did not have the majority necessary to call for a directorate meeting. Mancini, as reported in Jan. 27 *La Repubblica*, blasted the "terrorist methods" employed against potential participants in the debate. The powerful PSI Chamber commission head Mariotti stated to *La*

Repubblica that there was "psychological terror" not only in preventing parliamentarians from attending Zuccala's meeting but at the provincial-federation levels of the party as well. On Jan. 24 *La Repubblica* had reported that Mancini's office had received a barrage of calls and letters congratulating his push for DC-PSI government immediately.

By Jan. 26 however the network of ex-Action Party members — grouped around Amendola (PCI), Ugo LaMalfa (Republican Party) and Lombardi — had struck back. The Bologna federation of the PSI (Bologna is Amendola's homebase) put out a condemnation on Jan. 26 of the Soviet Union's position on dissidents, diverting attention of the federation leaders away from the Mancini meeting. The Bologna statement read in part: We ask solidarity of the PSI federations in condemnation of the Soviet Union, "just because Stalin has died does not mean that Stalinism and its vicious purges is dead."

Callaghan Will Use Bullock Report to Take Economic Debate "Into the Workplace"

BRITAIN

The highly controversial Bullock Commission report on "worker participation" released Jan. 26 will facilitate the public debate on the economic strategy currently being pursued by British Prime Minister James Callaghan. Callaghan, who has taken personal responsibility for overseeing discussion on the report while it is being formulated into legislative proposals, is apparently fulfilling the pledge he made to the Labour Party's annual conference last October to take the government's program "into the workplace" to impress upon the British people the need for industrial expansion and regeneration.

The report, prepared under the chairmanship of Lord Bullock, a master of St. Catherine's College, Oxford, has already generated considerable controversy in Britain. It proposes to give employees equal representation with shareholders on company boards of directors in firms of 2,000 or more employees. Rejecting "token" two-tier proposals of the sort applied in West Germany and Sweden, where trade unionists exert *advisory pressure only* over company decisions, the Bullock report calls for a "2x and y" formula in which shareholder-chosen directors would equal employee-chosen directors, and a number of "outside" directors would be chosen jointly by the labor-management groups.

Although the plan would be imposed only after one-third of the firm's employees had agreed to it by secret

ballot, the report's proposals could potentially involve 7 million employees in 738 firms in Britain, both public and private, British and foreign-owned.

The following are extracts from key sections of the Bullock Report as printed in the Jan. 23 edition of the *Observer*. The official version of the Report was not yet available at press time.

"During our inquiry we found a widespread conviction, which we share, that the problem of Britain as an industrialized nation is not lack of native capacity in its working population so much as a failure to draw out their energies and skill to anything like their full potential. It is our belief that the way to release these energies, to provide greater satisfaction in the work place and to assist in raising the level of productivity and efficiency in British industry — and with it the living standards of the nation — is not by recrimination or exhortation but by putting the relationship between capital and labour on a new basis, which will involve not just management but the whole work force in sharing responsibility for the success and profitability of the enterprise.

"Such a change in the industrial outlook and atmosphere will only come about, however, as a result of giving the representatives of the employees a real, not a sham or token, share in making decisions about the future of an enterprise which in the past have been reserved to management and the representatives of the shareholders.

"The debate about industrial democracy is much less about the desirability of moving in the direction of greater participation (which many accept as inevitable)

than about the pace of change and the need to extend such participation in the Board. We believe that the crucial test, which alone will carry conviction and create a willingness to share responsibility, is an acknowledgement of the right of representatives of the employees, if they ask for it, to share in the strategic decisions taken by the Board...

"We believe that the change of attitude of the TUC (Trades Union Congress — ed.), and their willingness to accept a share of responsibility for the increased efficiency and prosperity of British companies, offer an opportunity to create a new basis for relations in industry which should not be allowed to pass. We should certainly consider what may be the consequence for the future of British industry of a failure to seize this opportunity, of doing nothing or (more characteristically perhaps) of doing too little too late...

"There are increasing pressures on companies to be more responsive to change, if they are to remain profitable. They are faced more often with important investment decisions about the introduction of new technology, re-equipment of a plant or the transfer of production to a new locality. Often their decisions closely affect the lives of thousands of employees, and in such situations it becomes increasingly difficult for employers to deny the

rights of these employees, not only to have their interests taken into account by management, but also to have an opportunity for active involvement in the decision-making process...

"Trade union involvement is fundamental to the industrial strategy, not simply because such involvement is necessary to forestall negative resistance to change, but also because employees, through their trade unions, have a positive role to play in combating industrial stagnation and in stimulating much-needed changes in industrial structure and performance...

"In our view, it is no longer acceptable for companies to be run on the basis that in the last resort the shareholders' view must by right always prevail. There must in future be a new legitimacy for the exercise of the management function within a policy framework agreed jointly by the representatives of capital and labour. We believe this new legitimacy is essential for the long-term efficiency and profitability of the private sector and for the ultimate success of the company itself. In our view, it is unreasonable to expect employee representatives to accept equal responsibility unless, through equal representation on the Board, they are able to have equal influence on the decision-making process."

West German-U.S. Arms Deals Stalled

WEST GERMANY

West German industrialists are already feeling the effects of indirect U.S. pressure on them to cancel West Germany's \$6 billion nuclear technology deal with Brazil. The United States Coast Guard, according to *Die Welt* Jan. 27, has decided not to buy a number of VFW-614 airplanes, made by the Vereingte Flugtechnische Werke-Fokker GmbH in Bremen, in favor of a U.S. contractor. As the newspaper points out, this is not simply a matter of another lost contract; rather, "once again we perceive tendencies on the other side of the Atlantic which already revealed themselves around the tug-of-war for the German Leopard II tank."

This military tug-of-war has been going on over various issues ever since Dec. 8, when NATO's European foreign ministers — taking a West German lead — decided to postpone any decision on the purchase of Boeing's \$4 billion Airborne Warning and Control System (AWACS) pending further cost studies. By that time, according to *Interavia* magazine, the U.S. State

Department had already warned the Pentagon that the West Germans were linking their acceptance of AWACS to painful U.S. concessions in the complicated wrangling over interchangeable parts for a semi-standardized NATO tank. More specifically, the West Germans have been insisting on the adoption of a smooth-bore cannon produced by Thyssen-Rheinstahl instead of an American or a modified British design. As the commercial daily *Handelsblatt* pointed out Jan. 17, it was edifying to see NATO General Secretary Walter B. Laberge, who has overall responsibility for the AWACS deal, suddenly turn into an enthusiastic advocate of the Rheinstahl cannon in spite of his lack of any expert knowledge in the field.

Therefore, the decision by West Germany and the U.S. on Jan. 15 to postpone any decision on the standardized tank until the end of 1977 at least points to a successful stall by West Germany and the rest of Europe on the AWACS issue.

A recent report in the Brazilian newspaper *O Globo* in fact indicated that Europe's military industry is already lining up its own incursion into the United States' South American market. A consortium of firms, including Kraus-Maffei, Fabrique Nationale de Belgique, and Delegation des Armements is talking about setting up Brazil with its own domestic arms industry.