

A Review of:

CHRISTOPHER HIRD: YOUR EMPLOYERS' PROFITS

(Pluto Press Workers' Handbook No.2)

by Foszia Fisher

Wage negotiations are about the way in which a company's product will be shared between profits and wages. The outcome is partly a question of power, but it is also a question of information and argument. In the battle of words the employers hold nearly all the cards. They have all the information about the company. They draw up the accounts and the balance sheets, and they are in a position to withhold or distort information.

But the workers are not entirely helpless. Both private and public companies have to publish a certain amount of information, and although this information is often obscure or unreliable, it can be interpreted. Hird's book, "Your Employers' Profits", has been written in an attempt to give workers the tools they need to get all the available information, and to interpret it when they have got it. He sets out his aims as follows:

Workers need to know:

- * What they can get in any bargaining situation
- * Where the money will come from
- * How secure they are in bargaining - is the company really going bankrupt? How important is a particular part of the company to any group of workers?
- * To achieve this, workers need to discover:
 - * Who controls and owns the factory and the firm
 - * The size of the firm's surplus
 - * The size of the firm's true profits and how they appear in its accounts
 - * The firm's plans for the future.

Hird guides the reader through the complications of the different kinds of companies; explains where to get the information that is available for each kind, and then shows, point by point, how to weigh up and interpret the information. Particularly useful is Chapter 13 "The Concealment of Profits", in which he discusses the many ways in which, within the limits of the law, the true profit position can be hidden. These methods include the techniques used in valuing stock, the system of depreciation, and the way in which research and development expenses and other over-heads are treated. Another complication in the interpretation of balance sheets is the fact that different kinds of company have different aims in producing balance sheets. Most public companies, other than those effectively controlled by a small group of large shareholders, aim to produce reports which will impress the public and boost confidence in the firm. Private companies, on the other hand, are mainly concerned with minimising tax payments. They are therefore much more likely to use all the available loopholes for understating profits.

Today many companies are associated in groups. This gives rise to another form of manipulation of accounts. By techniques such as loans at unusually low or high rates of interest, and intra-group sales and purchases at artificial prices, it is possible for profits to be spread between members of the group. This means that workers employed by a subsidiary cannot be satisfied with understanding the accounts of their own firm. They need also to know the position of the group as a whole, as reflected in the accounts of the holding company.

"Your Employers' Profits" is written for a British audience, and so some of it does not apply to South Africa. Disclosure requirements are not identical in Britain and South Africa, and of course, the detailed information on where to get particular items of information does not apply. The IIE is at present preparing a Workers' Handbook, provisionally titled "The Worker in the Factory", which will contain details relevant to South Africa. However,

"Your Employers' Profits" will remain an extremely valuable supplement, and contains more detailed analysis of the difficulties of interpreting information than it will be possible for us to include in our more general Handbook. It is also written in simple language, with many illustrative examples, so it will be very helpful to workers and trade unionists.