



**Workers' Control  
and the  
Transnational Company**

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**Institute for Workers' Control**

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THERE is an atmosphere of hysteria which seems to be deliberately being whipped up against any or all socialist discussion of industrial problems, perhaps to create the type of atmosphere by which legislation and other things can be hurried through. And it is against this background and in this atmosphere that we have to consider the question of industrial democracy and workers' control.

Now, the whole issue of industrial democracy is not confined to a particular locality or a particular industry or even a particular country. It is increasingly an international question involving the basic issues of workers' rights throughout modern society. What are the facts? In the capitalist world less than 3 per cent of corporations may account for more than 75 per cent of the world's corporate assets. A tremendous concentration of economic resources is taking place, putting real power into fewer and fewer hands and passing far beyond the frail barriers of national frontiers. In Britain we have witnessed the mergers of such giants as A.E.I., E.E.C. and G.E.C.; we have seen the B.M.C.-Leyland merger; and last but by no means least, the merger of the breweries.

## *The 200 Firms of the Future*

Maybe it is true that not all mergers are bad. Indeed it is high time we had a British-based motor car industry capable of meeting the competition with which we are beset. This is not to deny the issues that must be debated at this time. In the U.S.A. the concentration of financial control, clearly coupled with the physical concentration of U.S. industry, has resulted in a situation where as a result of mergers 60 per cent of U.S. manufacturing assets are in the hands of only 200 corporations. The day of the old individualistic, risk-taking entrepreneur has gone for ever. Now we can see the growth of public corporations with a virtual divorce of the modern business firm from ownership in any direct sense. This has produced one immediate result which may hold important implications in any strategy for industrial democracy. Management has become less directly involved with ownership and to some extent at least can have a closer affinity with the workers, since both have a long term working interest in the particular company. Now

was, that there is a fundamental, and perhaps in the ultimate, irreconcilable conflict between capital and labour, but we do not necessarily mean between management and workers and it is to this issue, at least to some extent, that we should devote some attention.

The main trend resulting from the growth of public corporations, however, has been the great degree of power over industry, possessed by the large banks. The domination of the banks over the economic and industrial citadels of power, is completely interconnected; interconnected with the monopolization of economic resources ranging over across national boundaries. In Germany, France, Italy, Belgium and the U.K. it is the two or three largest banks which dominate the main boards, not the legal owners, nor those responsible for production. In West Germany, for example, banks control nearly three-quarters of the principal corporations. In the U.S.A., according to a recent study by the House of Representatives Banking Committee, the biggest banks are emerging, and I quote: "as the single most important force in the economy". This power over industry has been considerably strengthened by the existence of 768 interlocking directorates between 49 large banks and 286 of the largest companies. It must be emphasized that this, above all else, is an international tendency of monopolization and concentration. A recent article in the extremely influential U.S. management journal *Fortune Magazine* makes the point, and I quote again: "The hard financial core of capitalism is composed of not more than sixty firms, partnerships or corporations, owned or controlled by 1,000 men. Among them they raise directly and indirectly an estimated 75 per cent of the 40.6 million billion dollars which are required of fresh capital to fuel the long-term growth of the industrialized nations. In fact recent forecasts claim that in 25 years 200 multi-national firms will completely dominate production and trade and account for over 75 per cent of the total corporate assets of the capitalist world." That is the degree of the concentration of power which is being moulded into fewer and fewer hands wielding all the powers of destiny over the people that we represent.

It is against these hard facts, which challenge many myths and pre-conceived ideas concerning the structure of industry, and have a great bearing on any discussion on industrial democracy, that we must take issue. In fact they strengthen our case immeasurably if the implications are fully grasped, but only if we have the unity and strength at all levels to back up rational argument. The old classical ideas of free competition in an open marketplace can be ditched once and for all. Competition, including price competition, will increasingly be largely through advertising rather than varying the quality or prices of products. How now can the claim be made that workers' participation and control in management would disrupt the mechanism of supply and demand which protects the consumer and optimizes economic behaviour? This claim can no longer make any sense whatsoever. The same can be said for the

hallowed rights of private property. Obviously the traditional position of the labour movement, concerning the rights of the workers, is that this right of property has been established by the workers themselves, workers whether by hand or by brain, who have built up this property by applying their labour power and therefore have as much right to its direction as the shareholders.

But much more is involved. The development of the gigantic public corporations throws a considerable question mark on the traditional assumptions concerning private property itself. We are not now concerned, as I have said previously, with risk-taking enterprises, carefully guarding their own property. We are concerned with the more insidious and diffuse power of the gigantic international corporations. What must be curtailed is the great and dangerous power to decide on matters affecting many people's lives, now held by a small group of people responsible only to themselves. We are concerned with the power of the giants of the near future. We are approaching a situation in which vast enterprises will be employing over a million workers in a dozen or so countries, producing hundreds of different products; will have their headquarters in whatever country is most beneficial from their point of view, for politics or for taxes, where the impossibility of purely national legislation to control them becomes obvious; will have stockholders throughout the world; and will at all times seek to promote employees' loyalty to the corporation and to reduce the importance of national trade unions and their labour movements. This is a time, in my view, of tremendous dangers, but at the same time of tremendous opportunities for the labour movement.

### *The Need for International Solidarity*

There is, of course, the irony of the enormous multi-national corporations attempting to play the role of vociferous public patriots. The saying of Oscar Wilde is very true: "Patriotism is the last refuge of a scoundrel"; it is true today again as it ever was, and if we want immediate evidence of this let us turn to the recent Ford's dispute. Faithfully reported in all the mass news media, we have the Press, the radio, the television, and last but by no means least and equally vociferous, Ministers of the Crown, rushing out to say "if the workers of Fords do not stop demanding increases in wages, even increases to bring them parity with other sections of the motor car industry, the Ford company, loath as it is, patriotic as it is towards us, will take its production elsewhere, for instance into Belgium". And this, as we know, was broadcast throughout the country. In addition to which they sought to conduct their industrial negotiations through the medium of the courts. We have to ask why; for I cannot believe that the British industrial management of Fords, with their industrial knowhow, really took such decisions. We have to ask ourselves, were these decisions really taken in Detroit?

At least, the contradiction between the myth and the reality in this respect should shatter our last illusions in complete national autonomy, and clear the decks for effective international co-operation of the organized labour movement on a world scale. This co-operation and solidarity is vitally necessary for even a defensive strategy against the power and decisions of the dominating corporations, as well as being the foundation stone for real industrial democracy in this situation. The facts speak for themselves. Industrial strategy on both sides can only assume a global aspect. The corporations have already done so and we must follow suit. Only then can we argue and mobilize from a position of strength for the rights of the workers in industry. These multi-national corporations are themselves the product of advanced technology and new mobility of capital. They are linking with hoops of steel the national economies of the world. Thus, according to the U.N., overseas investment is growing three times as fast as the world's gross national product. These international firms have up to 30 per cent of their output located in one sovereign state or another and so obtain an overwhelming bargaining power with any government. Only the international labour movement can come to grips with them. National collective bargaining itself may often be unable fully to deal with the problem, especially from the point of view of trade unionists. The reasons for a countervailing force are obvious, with a need for effective authority and power to properly protect and defend those of the workers' interests that have already been achieved, as well as planning for fresh gains.

This is a vital step for the trade union movement. I have already referred to the Fords dispute and the alarming hints that were dropped concerning the diversion of orders and investments to Ford plants in Europe and elsewhere. These examples graphically illustrate the power of international corporations to hamstring and browbeat the interests of organized labour. We not only need international labour solidarity to defend our gains, we also need effective control at every stage over the arbitrary power of top management and effective involvement in every sphere of decision making.

#### *Anticipating the Employers' Moves*

This necessity also reaches to the very core of what industrial democracy is all about. Now we cannot make a real start towards industrial democracy without eradicating our weaknesses. Many of the real powers of decision making so far as management are concerned in collective bargaining, are moving away, as I have said, from the plant or company to conglomerate or holding company level. Unless we develop parallel national and international structures with real authority, and I emphasize this, with real grass roots on the shop floor, so that consultation can take place with the steward at every and each level; unless we do these things workers will find themselves increasingly in a

position of weakness before such remote and concentrated management. We must strengthen and complete trade union power in those sections where it is weakest. This is vital if we are to measure up to the international combines.

So, what is involved here? The main and most immediate objective which is the starting point for industrial democracy is to oppose the position where organized labour can only react to management decisions and fight a difficult rearguard action to reduce the magnitude of their impact. It must be recognized that conventional collective bargaining systems are not appropriate for dealing with technological changes, particularly when the time span for planning has been reduced from decades to months. It is no longer possible or desirable to wait for the end of a specific contract period to negotiate when management's decisions are already and quite arbitrarily in the pipeline. These decisions may threaten technological unemployment, obsolescence of skills, disappearance of trades and industries, and geographical displacement of the workers themselves. To protect workers adequately, we must be involved with decisions as they occur. We need an anticipatory function at the planning and implementation stages. This is getting to the kernel of our struggle for effective industrial democracy. So far as this is concerned, we are now formulating the policy for the present. It is a question that is actively concerning trade unions in more and more of the industrialized nations. It is not, however, just a trade union question; it has very profound political overtones.

It is noticeable that the drive towards industrial democracy is strongest where the trade unions are best organized, most unified and politically identified with dominant labour or socialist parties. Obviously, with differing national traditions there are differing tendencies in this international movement, but at least there is a common denominator. It is clear that common features must be present, since we are talking about similar industrial situations, but these common features must be co-ordinated into a common strategy, for the reasons I have already outlined. What is really important is, how far different approaches offer workers and their unions the right to *effectively*, and not just formally or consultatively, participate in decision-making processes in industrial undertakings. The facade of so much so-called joint consultation is by no means sufficient. In fact it can spread dangerous illusions concerning its effectiveness. For we must be clear what is involved. The attitude of industrial management today is that labour is a cost of production to be manipulated arbitrarily for optimum output and profitability. Only the strength of the trade union movement has been able even to modify this process. The strengthening of the power and influence of organized labour is an essential prerequisite for effective industrial democracy. This in the first instance means the achievement of human rights at the place of work itself.

It must be a source of amazement that so many people throughout the capitalist world have achieved a degree of political democracy, in which at least they can vote in the type of government they desire, and at least can do the same thing in the municipalities; in which at least they can, in many instances, elect or throw out their trade union officials; but in which they find that the moment they enter the factory gate they become a number, a cipher, to do what the soldier has to do, obey first and grumble afterwards. This is a process which we have accepted, and indeed in many instances it has been accelerated over the past few years, and which must be brought to a speedy end if industrial democracy is to mean anything at all.

To counter all this, we need not only co-ordination and progressive integration of collective bargaining for all the plants of the company around the world, but also an effective say by union representatives on all organs of authority at subsidiary, parent and international holding company level. They must not be there to act as stooges, but to bring up the whole question of human claims in industry, into the boardrooms themselves. We cannot hold with the notion that undivided authority in a concern is indispensable, and only can be diluted at the risk of failure. It is certainly not applied to those firms which have representatives of different banks and corporations possessing divergent views, on their boards. Nor can we accept the view that somehow workers are inherently unsuited or unqualified to participate fully in industrial democracy. This is only a convenient ideology for those interests which fear the development of active intervention by organized labour in industrial decision making. What is the truth? Workers who have spent their working life in industry are frequently more qualified to participate in top decision making than representatives of banks or outside firms who possess little or no direct knowledge of labour, production or technical aspects of a company's operation. Obviously in advancing the demand of workers' participation in management, we also advance the need for training on the job.

### *Opening the Books—on a World Scale—to Strengthen Trade Union Independence*

A further point needs to be stressed here: above all knowledge is power. For the proper understanding of the functions and problems of any undertaking it is necessary in the first instance to have ready access to the relevant information. There seems to be an organized conspiracy to shut off the workers from effective knowledge of the firm's operation, financial dealings and plans. This is in the final analysis an organized conspiracy against society itself. One of the key demands of industrial democracy (and I do not apologize for this and say it with emphasis) is *open the books*. This does not mean as it has so much in the past, just the cooked up balance sheets that shop stewards are frequently saddled with

in the negotiations they undertake. It means that workers have full and detailed information concerning costing, marketing and all other essential financial details. There is no reason why in this demand we should be fobbed off with only a minimum of facts because of, I quote: "the safeguards needed to protect the firm's commercial interests". And if you want to know where that quote comes from, it comes from *In Place of Strife*, paragraph number 48. In this day and age, with the interlocking of the giant monopolies with the financial trusts, can we really be taken in by this argument?

We live in an industrial society. It is more and more apparent that it is arrant nonsense to talk about development of democracy without at the same time putting industrial democracy in the forefront. In fact the reverse is true: that political democracy is no longer viable within a structure possessing an undemocratic industrial system. We do not have to delve very far into recent history to realize that the main brunt of attack on political democracy itself always falls first on the democratic organs of the working class; on the gains they have made; and even on the elements, scarce as they may be, of some degree of social control over the workers' industrial environment. We cannot blind ourselves to the fact that together with the rise of the movement for industrial democracy in the labour movement, there have arisen other forces which are attempting to clamp down on the gains that that movement has already gained. We must be aware of an international counter-offensive. It is all the more necessary to have unity and cohesiveness.

One final point needs to be made. There is a justifiable fear in sections of the movement that participation in management may lead to integration in management, for the interest purely and simply of the employing class. In other words, that a facade of democracy that is essentially only a token gesture, will be conceded for the object of confusing workers and blinding them to the realities of a capitalist society. Do not let us underestimate the danger in this philosophy. It is very real, it is being offered to people under various guises and we must be aware all the time, as I have said earlier, so that we do not enter these things in the attitude of mind that we can or ever will be, stooges to that end. However, there is no contradiction between a vigorous attitude towards collective bargaining being maintained and the attempts for greater industrial democracy. While distinct, the two can be complementary. In any case we cannot accept any so-called schemes of participation that obscure the realities of industrial life or act as a smokescreen. This depends on our programme. Our programme is to actively intervene to make all workers aware of how decisions are arrived at. To cast down the screen that separates workers from the processes taking place in the centres of corporate power. We cannot and will not allow ourselves to be disarmed in the process. We must decisively reject all systems of so-called social partnership, of profit sharing, etc., which primarily seek to divorce the



worker from his union and instil only loyalty to the firm. We need a strong, vigorous, and above everything, an independent, voice. How can this be achieved? Above all by building the strength, independence and fighting ability of the trade union and labour movement.

I have emphasized the aspect of the strengthening of the trade union movement on the national and international planes. This needs to be fully supplemented with the fullest development of industrial democracy and workers' control at factory level. The two are and need to be complementary. We must have the proper balance between centralized and decentralized authority at every stage of decision making, so that the overall authority can be combined with local initiative in a democratic manner. We cannot and must not suppress differences and dissent. This would make nonsense of the very concept of democracy. It would also be a dangerous utopia so far as the organized labour movement is concerned in its fight for industrial democracy. Its development and extension depends on our power to struggle. Only in this way are we in a position to bargain and negotiate about anything. The rights of workers to negotiate with management about wages and conditions was not achieved by putting out the begging bowl. It has been and is being achieved by hard and militant struggles. In the same way, any measure of industrial democracy will only be achieved by our own strength, unity and ability to put up an effective fight. This is the only guarantee of success. It is also the best guarantee for the vital principle of independence and freedom of the trade union movement.

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