



Public Ownership and Democracy

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NEW PUBLIC OWNERSHIP AND INDUSTRIAL DEMOCRACY – BEYOND THE 25 COMPANIES

Press Statement issued shortly before the 1973 Labour Party Conference

A new working alliance has been established this week between the Public Enterprise Group and the Institute for Workers' Control.

Jointly, PEG and IWC will be coordinating a debate on new public ownership and workers' control in leading companies through the country. This will take the key issues from the Conference floor to the shop floor in the run up to a general election.

Why the new alliance, and what does it mean?

Basically, the PEG-IWC link up is an outcome of the debate thrown up by Labour's Programme. The Programme has called for a deliberate government initiative – from Labour in power – to encourage the development of joint systems of company control and experiments in new forms of workers' participation, especially in the public sector. It also has called for a powerful new State Holding Company, based on public ownership of 25 of our largest manufacturers, and new Planning Agreements with leading private and public enterprise companies (Category I firms in the present government's Counter-Inflation White Paper).

Recently various reports have indicated a deal between some members of the Shadow Cabinet and the NEC before Conference. Different opinions on the merits of the '25' case would be compromised in agreement to endorse a National Enterprise Board (State Holding Company) with the scope and functions outlined in Labour's Programme, in return for dropping commitment to take over 25 leading companies as a base for rapid development.

There is agreement between the joint committees of both PEG and IWC that a base of 20 to 25 leading companies, outlined in the Opposition Green Paper on the NEB) is the minimum necessary to put the next Labour government in a position to master economic events.

In addition, both PEG and IWC are convinced that without a continued post-Conference debate in leading companies, a Labour government will lack the informed base on which to implement an expansionary programme through those companies.

But this can only be made a reality if workers in leading firms are offered a greater say in the way in which they are run. Companies brought into the National Enterprise Board cannot be managed by remote business bosses for whom public or private ownership is an irrelevance. It also is crucial that those who work in the leading companies brought into the Planning Agreement system should have a share in the bargaining between government and enterprise through which that system would work.

There are many possible variants on the means whereby workers themselves should give shape to the endorsement of greater industrial democracy in Labour's

Programme. But since both public and private companies in the Category 1 range would be obliged to implement the Planning Agreements System, workers themselves should be represented in Whitehall when the Agreements are negotiated. In this way their voice can be brought from the shop floor to the centre of the economic planning process, and cut through the otherwise incestuous maze of government bureaucracy.

With public ownership of 20 to 25 leading companies, increased workers' control on such lines can unlock the stop-go syndrome and make possible the strategy of Labour's Programme. Worker participation in Planning Agreements can give new dimensions to industrial democracy in those leading companies crucial for investment and exports expansions. Such new democratic planning can give reality to the hopes expressed from the Conference floor, and give the lie to the claims that we must steel ourselves for cuts next year and a Labour Programme postponed over several parliaments.

Stuart Holland
Chairman, Public Enterprise Group

PUBLIC OWNERSHIP AND WORKERS' CONTROL

Introduction: the case for Extending Public Ownership and how to carry it.

Several of the Resolutions carried at the Blackpool Conference of the Labour Party in 1973 committed the Party to campaigning in the country between now and the next General Election. These included the Resolutions on the demands to be made by a Labour Government on the Common Market and those on Public Ownership and Industrial Democracy. Michael Foot spoke of a "campaign on a scale that we have not known for years" in carrying conviction for the radical policies adopted by Conference in general. One of the central elements of such a campaign would indeed be to expose the clear connection between the problems resulting from Britain's entry into EEC — higher prices, devaluation of the £ and balance of payments deficit — and the activities of the giant transnational companies which call for public ownership. These companies have been pressing all along for Britain's entry, so as to permit them freely to move their funds between Britain and Western Europe and to adjust the transfer prices in the movement of their goods; and it is this freedom that has worsened the rate of inflation and the balance of payments difficulties.

Without direct state control over the giant companies, it is becoming clear to more and more people, the fixing of prices and the movement of funds out of the country cannot be controlled. State control over foreign trade and therefore over transfer prices and capital movements might help; and if this were introduced by a new Labour government, it would be so violently resisted by the giant companies that still more people would learn that public ownership was the only solution. The threat by giant companies to move capital out has already been used as a bargaining weapon; especially where groups of workers have used their ultimate weapon of strike action (plus sit-ins and work-ins) to defend their basic rights, including the right to work, when shifts in private finance take no account of costs

to the whole community. This threat of capital export could well be used by the giant companies to prevent the election of a radically committed Labour Government. The threat can be countered only by a corresponding threat of expropriation; and we need all to remember that capital export, although it causes great difficulties, does not by itself involve the export of a single piece of machinery or skilled worker. But the effectiveness of such a counter threat would depend on convincing the people that an extension of public ownership would really be used, not only to bring down prices, offset social costs by greater social benefits and manage the balance of payments but would also make radical improvements in the conditions inside the publicly owned sector and change radically the role of the public sector in the economy. Thus, although criticism of the irresponsible actions of the giant companies is widespread, the most serious doubts remain about public ownership as a remedy.

For too long the nationalised industries have been used as servants of the private sector – to provide a cheap service to private industry, a state guaranteed home for private funds and lucrative contracts for private suppliers. For the most part, unprofitable or declining activities have been taken over by the state and the more profitable bits even sold off to private owners. Wherever the pursuit of private profit left heavy social costs behind it in unemployment and neglected sectors of industry, the state has had to step in. Productivity in the public sector has in fact often grown faster than in private manufacturing, as rationalisation has been carried through with redundancy and state subvention. To the public eye inefficiency has been equated with losses and state subsidies, while to the workers in the industries themselves insecurity and redundancy have gone side by side with state regulation of wages. The key role of the public sector in research and development and the victories won by unions like the NUM for a more equitable pay structure tend to be forgotten. Nationalisation has become a dirty word for many, just when the need for the extension of public ownership, this time into the profitable sectors of industry, becomes daily more evident.

Side by side with the growing demand for public ownership has grown the demand for an extension of workers' control inside the public sector – a demand that goes back to the plans worked out by the South Wales miners in 1912 for public ownership with workers' control. There are many reasons for this revival. Among them is the introduction of new machinery that breaks up the old work groups, like the mining contractors, and replaces piece-work payment by measured day work. As rationalisation and automation proceed the old incentives of the carrot of productivity-related wage bargains, combined with the stick of unemployment, begin to dissolve. State regulation of wages completes their dissolution and workers look for wider controls over a system that treats them as commodities themselves, alienated from the crucial decisions on what they produce, how they produce it and where the fruits of their productive efforts are allocated. The scope of collective bargaining at plant and company level has been widened beyond the negotiation of wages and conditions, by the threat of redundancy, the introduction of new machinery, the transfer of funds from one part of the country to another, indeed from one part of the world to another.

The prospect of an extension of public ownership to new and growing sectors

of industry without a simultaneous extension of workers' control has become unacceptable. And, increasingly, workers are not prepared to wait until all the means of production are in public hands, and self-management in industry can be established, before they begin to claim their rights. Indeed, many workers see the danger of state ownership being introduced with little or no change in the hierarchical structure of management. They are perfectly well aware of the dangers of being landed with responsibility without power in schemes for workers' participation in management; but they also know that it will be impossible to develop the necessary enthusiasm for an "irreversible shift in the balance of power and wealth in favour of the working people and their families", of which Labour's *Programme for Britain* speaks, without "strong and genuine elements of industrial democracy" in the public sector. (Quotations from Composite Resolution No. 18 passed unanimously at 1973 Labour Party Conference).

The campaign then that is required to carry a major extension of public ownership with an extension of workers' control cannot be one that recommends a pattern of state corporations imposed from above. It must be one that encourages the development of workers' demands from below. What is needed is that the National Executive Committee of the Labour Party should call upon active trade unionists and Labour Party members in factories, offices, pits and yards everywhere to set up Workers' Control groups and to begin drawing up their own plans for public ownership of their enterprises and to discuss these in their localities, in Trades Councils and public conferences, throughout the length and breadth of the land. As an indication of the questions they will have to try to answer, the following points for discussion are put forward together with a chart for reference to different levels and aspects of the problem of extending workers' control in practical detail, that goes beyond vague talks whether it is of Works' Councils or of Workers' Power. The chart is similar to one prepared by a group of Sheffield steel workers for the nationalisation of the steel industry in 1966, which was adopted as official policy by the National Craftsmen's Coordinating Committee, Iron and Steel Industry in April 1967 as *Documentation of Proposals for Nationalisation*. (published in Ken Coates (ed) *Can the Workers Run Industry?*)

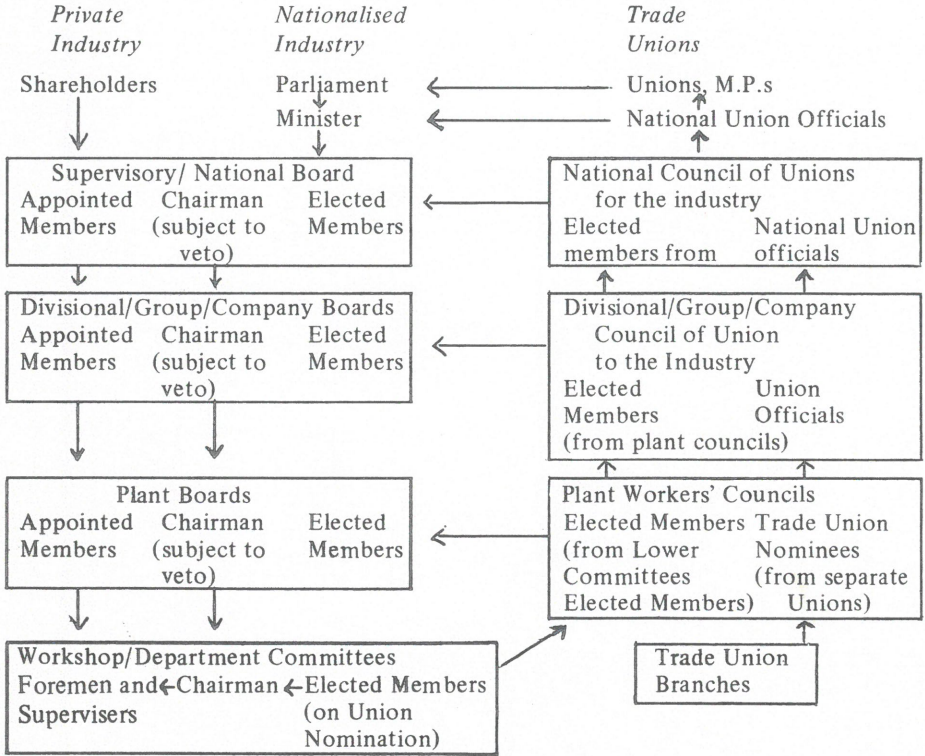
Questions for Groups to consider in discussing Means of extending Workers' Control in preparation for extended Public Ownership.

1. How do you propose to organise the election of representatives of workers in extending workers' control over management decisions, given
 - a) that you accept the responsibility of trade unions for organising this;
 - and b) that you already have elected shop stewards engaged in collective bargaining?
2. At which levels, if not at all levels – department, works, division, company, supervisory or national board – do you want to bring workers' representation to bear upon your company or industry?
3. At the lowest level of workshop, section or department, how do you want bring workers' power to bear upon managerial appointments and managerial decisions – self-management of such primary groups as one alternative, collec-

- tive bargaining as another, joint committees with or without a veto by the workers' representatives on managerial appointments as a third?
4. At the level of works, office, pit or subsidiary enterprise, how do you want
 - a) to bring together the voice of different groups of workers, different unions, different occupations – through joint convenors of stewards, joint works committees, directly or indirectly elected?
 - b) to bring this voice to bear upon management – through Works Councils or Consultative Committees – through collective bargaining or joint (50:50) Committees, with or without a veto on the appointment of managers and the chairman?
 5. At the level of Company/Division/Group, how do you want
 - a) to bring together the voice not only of different groups of workers, unions, occupations, but of lay union representatives and union full-time officers – through a combine committee, divisional or group council, directly or indirectly elected or a mixture of both?
 - b) to bring this voice to bear upon management – through consultation, collective bargaining, joint (50:50) boards, with or without a veto on management or chairman's appointment?
 6. At the level of Supervisory Boards, Nationalised Industry Boards, multi-company boards, how do you want
 - a) to bring together the voice of workers, trade unions lay representatives, district and national full-time officials and of the TUC?
 - b) to bring this voice to bear upon the control of these boards in relation to (i) Parliament and the Minister responsible for nationalised industries; (ii) shareholders of companies while they are still in the private sector; by consultation, collective bargaining, joint (50:50) boards, with or without veto on the appointment of chairman and veto on shareholders' and ministers' decisions?
 - c) in the case of the 50% on public boards, appointed by the Minister, where the relevant unions elect the other 50%, to have these nominated by the TUC, or by Parliament or by a Consumers Council?
 - d) in the case of the 50% on private company boards, appointed by the shareholders, to have some public control brought in on the workers' side, where shareholders now have the final say – by giving supervisory boards the power of overruling the shareholders, by veto on the chairman's appointment, by providing that a government nominee must always be included in the 50% from the shareholders' side (representing a government shareholding in all such companies)?
 7. How would you seek to establish the practice of report back and recall to their constituents of all workers' representatives at different levels of management, in relation to the general failure of such practices with Members of Parliament and particularly to the confidentiality of information about personnel, to trade secrets and to the need to avoid rumours of new proposals in advance of detailed preparation prejudicing their introduction?
 8. List the information that you think you need from your company or corporation, division and plant in order to improve your collective bargaining and ex-

tend workers' control. Lists have already been prepared by the TUC in their interim report on *Industrial Democracy* (pp. 31-32), in the CIR Report No. 31 on *Disclosure of Information* and in the Labour Party Working Party on *Industrial Democracy*. There is an even more extended list in M. Barratt Brown *Opening the Books*, available from the Institute for Workers' Control.

A MODEL FOR DEVELOPING WORKERS' CONTROL



Cover: *An ancient Greek relief showing Democracy placing a crown on the People of Athens.*
The struggle for democracy will not be won until modern industry is brought under its control.