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Raising the workers' equity - a way back for labour?

by Jim Moher



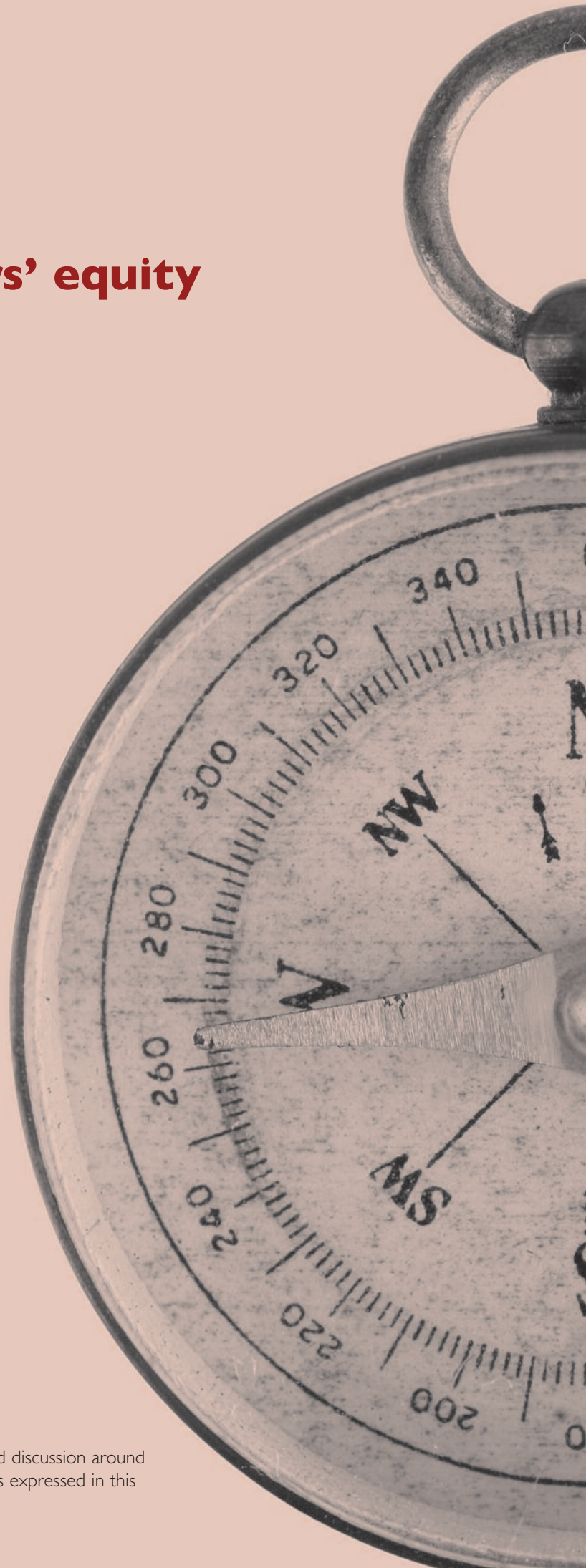
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A recent headline caught my eye - 'Airport workers tell BA boss, you don't know what you are doing'. It was about the T5 fiasco at Heathrow Airport, but the thought struck me that many other groups of workers could say the same about their managements. But how often does such, usually informed, criticism reach the media? Its simply not news that the people who invest their expertise and working lives, including retirement prospects, for decades in a badly or wrongly managed firm, should have any say about how to tackle the problems. Yet, it is usually they who bear most of the losses when the company is 'down-sized' or goes belly up, whilst those responsible for the failure, receive generous buy outs and enhanced pensions. Occasionally, a well organised, usually unionised, workforce are able to protest effectively and screw better terms from the management, but there is no way they can legally intervene to protect their equity in the firm.

1. A policy vacuum?

After ten years in office, it is a source of considerable disappointment that our government or even the Party has shown little interest in such matters. Search the National Policy Forum agenda or reports in vain but you will not find any plans to redress the democratic deficit in the control or management of our companies. All credit to Compass therefore, for raising the issue again with the publication of '[Swimming with the Tide – Democratising the places where we work](#)'.

Naturally, all on the left would see a major role for trade unions in any proposal for democratic enhancement of the workplace. Yet, neither individual trade unions nor the TUC have made the running on this issue as to how they might handle the major changes involved. Undoubtedly, greater workplace democracy would pose practical challenges for their traditional collective bargaining structures, practices and procedures. If we are looking for renewal and reinvigoration of the democratic Left in Britain, those challenges must be faced and argued through.

2. 'Workers Control' - a historical perspective

In the 'glad, confident days' of the 1970s, many unions backed radical ideas for 'workers control'. Then the mighty T&GWU, (in which the writer started as a junior official under the legendary Jack Jones), was able to persuade/tell the TUC and the Labour government to take the issue of industrial democracy seriously. Jim Callaghan and his Chancellor, Dennis Healy, were sympathetic to the principle. They were impressed by the successful German system of 'co-determination' (workers on supervisory company boards), and were willing to consider ways to harness the evident energy and idealism of active workplace representatives. So, in 1977, the Bullock Report came up with radical proposals to give

workers an elected role on the boards of large companies, provided at least a third of all the eligible workers had voted in favour. Though the CBI were opposed, not all employers rejected such ideas out of hand, and some public sector bodies like BT and the Post Office, even gave worker directors a try.

Unfortunately, it all came to nothing mainly because of divisions between unions over whether such 'worker Directors' would be effective or simply confuse and dilute the strength of unions in pay bargaining. The then powerful NUM leadership, right, as well as left, were dead against putting workers on the National Coal Board. To neutralise such hostility, the TUC insisted that all company board representation had to be through union-elected channels. But those Labour ministers, as well as employers, feared that existing union structures could not be relied on to operate democratically and were not prepared to go down that route. Union resistance to two attempts to reform those structures had already led to the fall of both the Wilson and Heath governments. So, the Bullock proposals were simply shelved to gather dust.

3. Thatcher's assault on union power

But the issue of union structures and industrial dispute practices did not go away. Thatcher's governments made 'reform' a key electoral issue and won the argument with the public in the general elections of 1979, 1983 and 1987. She did so with the mantra of 'giving unions back to their members'. The success of her legislative assault on union power and the parallel decline of manufacturing industry which decimated the union heartlands, left unions reeling. Their influence collapsed in a way that even their worst enemies could not have dreamed of. The resulting industrial imbalance has shaped industrial relations as well as politics to this day. Bizarrely, we then got democracy being forced on the unions, while employers were given freedom to shape their workforces along non-unionised, individually-incentivised lines, including giving token shares to some workers.

I have argued elsewhere that the core changes in unions' democratic structures and industrial dispute practices, viz., secret ballots, could have been embraced by the unions in flexible rules-based reforms a decade earlier. This would certainly have diminished the public reaction against unions' exercise of a perceived undue and unaccountable power; a perception (even allowing for media hype), which those electoral routs manifested. They would still have had to contend with the massive decline of their manufacturing heartlands. However, what has been lost is not just union numbers and influence, but an entire strategic approach to the ownership and control of the places where people work.

4. Championing "the Workers' Equity" – the way forward?

To this day, we lack a coherent and credible alternative to the existing capitalist system to replace the outdated 'Clause IV' one, which was jettisoned by 'New Labour'. What I call 'the Workers



Equity' is their physical and emotional stake in the building and success of all firms. It is time it was legally recognised. Like the authors and contributors to 'Swimming with the Tide', I believe that a bold and imaginative enhancement of workplace democracy could be central to such a new strategic direction. Unions, as the collective voice of workers, should develop their position as a vital force in that process and renew themselves in the process while incorporating the strengths of their collective nature and vital perspectives on behalf of all workers.

5. 'Information and Consultation Representatives' – a model to build on?

Here's just one thought on how we might start. Today, the talk is of a much watered-down 'participation' and 'information' rights for 'employees' (not workers without a contract of employment though). The EU Directive on Employee Information and Consultation rights now requires undertakings with at least 50 employees to elect a Representative for every fifty workers (minimum 2, maximum 25), to perform these duties. Employers are required to keep these representatives informed on the 'recent and probable future' developments of the organisations' activities and economic situation'.

'Swimming with the Tide' identifies the limitations of current statutory provision, but they are right in seeing the concept of 'Information and Consultation Representative' as containing the germ of an idea for a more radical advance in the future. Throughout British industry (including the now large service sector), it will produce a swathe of highly experienced and well-informed representatives. This is in addition to those who are already elected by workers to represent them in various roles, e.g., on Works Councils, Pension Trustee and Consultative boards, and for Health and Safety, Collective Redundancy, Learning and many other day to day workplace issues. Although their remit is restricted, many who serve in this capacity have built up a considerable knowledge and skill in dealing with managers on a day to day basis about the running and control of those businesses.

Pension Trustees also gain practical insights into whole areas of the commercial and financial world. Many are or have been mainstream union representatives on grievance and disciplinary cases as well as collective bargainers on pay and other conditions. With a view to developing a radical approach, these are the people I would ask in the first instance how greater workplace democracy could be developed. We need an audit of their views, whereabouts and expertise.

Another group who, in my experience, have a deep understanding of the workings of major companies in all sectors are middle-ranking and senior union negotiators, both lay and full-time. Their expertise is one of the 'hidden assets' of all unions. Their skills and experience are normally only deployed for collective bargaining purposes, and because of its short-term and necessarily adversarial nature, they are not developed sufficiently. Unions could redeploy some of this expertise, if they were

convinced of wider benefits for their members. Bringing together these groups in a series of general topic conferences would produce a shoal of ideas on how to enhance workplace democracy, right up to and including Board level. Even though the case for more democracy in the workplace is unassailable, those ideas would have to be consistent with maintaining the productiveness and efficiency of firms in the real world of the global market.

I have every confidence that they would come up with better ways of doing it than some of our current managers/Directors. Out of those conferences could come a document that would chart this new terrain and its potential. Such a document – call it a Charter for Workplace Rights – could then be for party and public discourse and action.

6. Conclusion

There will be a lot more ideas about as to how (and how far), 'the Workers Equity' should be enlarged in the modern corporate world. The huge stake of workers' reserves – the pension funds – investing in the wider economy, is now recognised. But how those could be harnessed consistent with their priority need for high but secure returns, is an issue which would have to be practically addressed. We must walk, before we run in that area.

What is needed is a way to bring the whole issue of greater workplace democracy up the party and government agenda by engaging with those at the 'sharp end' in our workplaces. Compass can play a most valuable role in this campaign.

Dr Jim Moher, 24th April 2008

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Compass is the democratic left pressure group,
whose goal is to debate
and develop the ideas for a more equal
and democratic world, then
campaign and organise to help ensure
they become reality.

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