

INDUSTRIAL PARTNERSHIP: UTOPIA OR NECESSITY?*

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Western societies are characterized by a glaring contradiction: political life is based on democracy, economic life on autocracy. Outside the factory gate human beings are free individuals, behind the factory gate they are obedient servants. This makes for schizophrenic personalities and has unpleasant consequences: psychiatrists and the institutions they control cannot match the steadily increasing demand for their services; the police force is swelling without being able to cope with the disorderly behaviour of otherwise good citizens; industrial conflicts are becoming increasingly bitter and exhausting; people become apathetic and the general mood is gloomy.

The schizophrenic division of social life is nothing new; it has long been with us. Why is it that it cannot be tolerated any longer? Managerial authoritarianism is not getting worse; in fact it is now subject to a certain amount of control. In many countries the so-called managerial prerogatives suffered substantial infringements. And yet, that is not sufficient. Modern workers are no longer prepared to be treated as hired hands. Property is no longer considered as a legitimate means for social stratification. Personal and institutional powers are being contested. What moral philosophers and social reformers used to teach — that men are born free and equal and ought to be treated as such — is today deeply felt as being an inalienable right. Inalienable and yet alienated. Thence the widespread feelings of frustration.

Modern life is also based on science and technology. Technological innovations require organizational changes and social adaptation. Both require co-operation. A conflict-ridden society will be slower in responding to and will lag behind in general economic development. Last year's miners' strike and the recent printers' dispute in the UK make this abundantly clear. The fact that the mines are nationalized and Fleet Street is not seems to be of little relevance. It is not the legal ownership titles that matter; it is the power to make decisions affecting people's lives and livelihoods that is at issue. It is obvious that some mines had to be closed down and others modernized, and

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that the work force had to be reduced. It is equally obvious that new printing technology has to be introduced and that a number of printers will no longer be necessary. But such technological adaptation cannot be carried out at the expense of workers. Machines are there to serve mankind not the other way round. However, in a class-divided society human logic is not operative. It is replaced by the logic of power and conflict. The resulting material costs to that society are enormous. Human costs are even greater.

These two disputes should perhaps detain our attention somewhat longer. New machines generate higher productivity. Higher productivity may produce two very different consequences. It may increase unemployment (and, possibly, the profits of a few individuals). It may also increase the standard of living of every citizen. The outcome depends on social arrangements. If machines are to serve people — which, I assume, is the only reasonable alternative — the decisions in question cannot be unilateral, whatever management prerogatives and property rights may be. Unilateral decisions will be contested and even if the resistance of miners and printers is crushed, everybody involved will suffer. The decisions in question call for partnership and co-operation.

Is a co-operative solution possible? Not under capitalism — is a frequent answer. Thus we first have to destroy capitalism before we can contemplate any solution whatsoever. In the meantime there is confrontation and workers' control — not participation, co-operation or sharing responsibility. The actual behaviour of managements and unions comes very close to this theory. Managers stick to their prerogatives; unions extol the virtues of militancy. With the two sides well entrenched in their positions, the ensuing class war has little chance of being a short or pleasant affair.

And yet, co-operative solutions are being tried out all the time all over the world and with increasing success. Codetermination in Germany, wage-earner funds in Sweden, producer co-operative in France, Italy, Britain, Spain and many other countries, worker-controlled ESOP firms in the United States, Kibbutzim in Israel and worker management in Yugoslavia show without a shade of doubt that a viable alternative exists.

The viable alternative is not a simple or easy affair. I have no illusion about the powerful interests that dominate the scene. I do not think that the wielders of power will surrender it voluntarily, that rational argument is the only thing that counts or that radical changes can be accomplished overnight. But I do think that towards the close of the 20th century the display of naked power becomes somewhat obsolete. Technological requirements and educational levels make it obsolete. You cannot operate a car factory by using slaves or serfs — however attractive the resulting profits might be. Similarly, you cannot operate the highly sophisticated technology of the post-industrial era by relying on subordinates. You need associates, participants in a collective endeavour, people with different skills and ideas but with the same willingness to co-operate. You do not need hands to be controlled in a routine process of producing simple commodities — that is left to robots — you need brains whose collective output will result in a con-

stant stream of innovations. You also need colleagues and friends if the workplace is to become a place at which you feel at home.

The problems encountered are deep and structural. Marginal adaptation will not do. It is a gross error to believe that all that has to be done is to change the management strategy, to modernize management. Thus, Taylorism was replaced by human relations approach, the latter by quality of life approach. Job enlargement and job enrichment are added. The work-force is treated like a family, the creativity of workers is to be stimulated by introducing Japanese quality circles. Yet contemporary workers are not minors and they are not prepared to tolerate what they consider the patronizing tricks of management. It is probably better to be treated as a family dependant than as a working animal under Taylor's auspices. But neither is an acceptable alternative any longer. Unions are, therefore, fully justified in opposing the new managerial theories as old authoritarianism under new disguise.

However, unions err when they stick to their own old theories of confrontation and conflict. Traditional management prerogatives generate traditional industrial conflict. If the situation is to be changed, conflict must be superseded by co-operation. The latter does not imply — as unions mostly believe — co-optation and appeasement, a sort of treason against workers' interests. It implies instead an entirely new approach to industrial relations. Strong militancy is required, but directed towards different aims. If managerial autocracy is to be replaced by codetermination and partnership, unions must take their share in the responsibilities of running productive establishments. That requires learning new skills and, much more importantly, assuming new attitudes. It also requires institutional changes.

If printing shops and coal mines are to be modernized, redundant printers and miners must get decent alternative jobs. Retraining and reallocation is often impossible at firm level. A national policy is called for. Partnership between unions and management at firm level is complemented by a partnership between unions and government at the national level. That can hardly be called co-optation. It is — or it may become — a new exciting chapter in the legitimate endeavour of unions to improve the well-being of their membership. Is such an approach practicable in Britain? It has been practicable in Austria and elsewhere and the experience is likely to be replicated in other countries.

National policy is not entirely sufficient either. Workers are not just a factor of production, which neoclassical economists call Labour, and which has to be allocated to the most efficient uses. They are also human beings with friends, families, emotional attachments and *rootedness* in their local community. It is not sufficient to provide a new job hundred of miles away. Earning a living must not imply living for earning. Jobs ought to be available in the community where job seekers live and strongly prefer to continue to live. In order to achieve that, firms and local governments must establish partnership relationships. Modern government — at local or national level — is not merely a night watchman, nor is the firm merely a profit-making

establishment. Both have to change if every worker/citizen is to be given an opportunity for a decent and dignified life.

The other of the two potential partners, management, tends to insist on even less acceptable views. Management prerogatives are usually defended by reference to ownership rights. Yet a typical modern corporation is managed by people who are not its owners. That is particularly obvious in the case of nationalized industries. Once this is pointed out, the second line of defence is activated: managers act as the agents of owners. That is hardly more convincing. Workers, whose jobs depend on the success of the firm, have at least as much interest as the managers have in running the firm as efficiently as possible. If anything, their participation in management will improve the performance of the firm by eliminating disruptive conflicts, by increasing incentives and by capturing all information that exists in the firm for innovational purposes. At this point the third line of defence is activated: the dynamics of modern business, it is said, makes it imperative that the manager be a leader who makes timely decisions without outside interference. As it stands, the claim is based on false presuppositions. Modern business conditions are so complex that virtually every important decision requires consultation. Next, the more important a decision, the longer is the preparation time required. New investment projects or a radical change in technology require long gestation periods. That leaves sufficient time for co-operative efforts to produce the most acceptable solution. If that opportunity is missed, passive and active resistance — erupting in open conflicts — will retard, not facilitate, the completion of the project. Finally, it is true that a good manager ought to be a leader. Every efficient co-operative action requires a leader. Even an orchestra needs a conductor. But a leader should not be confused with a ruler. Leadership implies consent, the ruler is an autocrat. A genuine leader wins the confidence of the group and takes decisions undisturbed by interference. An old-fashioned manager takes authoritarian decisions which must be imposed on reluctant subordinates and then reinforced by supervision. There can hardly be any doubt who of the two managers is likely to be more efficient. The opposition of employers ruined the efforts of the Bullock Committee. Swedish employers — to quote an instructive example — acted much more wisely. As a result, there is little industrial conflict in Sweden and Sweden has also achieved a substantially higher level of economic development as compared with Britain.

It might have become clear by now that the question about industrial partnership is not about its possibility — it already exists, therefore it is possible — or necessity — the alternative consists in bitter industrial conflicts with enormous social costs — but about how to do the job. I explored the problem in detail in my book on the *Political Economy of Socialism*¹, and cannot repeat it here. Industrial partnership as such is not a final goal but a transitional stage in industrial relations development towards full worker management which

¹ B. Horvat, *The Political Economy of Socialism*, M. Robertson, Oxford, 1982.

alone may be considered as an accomplished economic democracy. The most difficult is probably the first step, the step from confrontational to co-operative relationships, from the insistence on management prerogatives to partnership. Once attitudes are basically changed, rigid social stratification is removed and partners learn how to co-operate, the rest of the process is likely to be smooth. But not quick. It will be a long process of social change. In such a process successful pioneers play a special role. Scott Bader Commonwealth is one of them.

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