

KAPITALNO ODRŽAVANJE I INVESTIRANJE U JUGOSLAVIJI:
DVE OPSERVACIJE*

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Rezime

U ovom članku razmotrio sam dva faktora (mogućnost finansiranja industrijskih investicija bankarskim kreditima i ulogu obavezne štednje) koja verovatno ublažavaju dejstvo koje jugoslovenska svojinska prava imaju na sklonost jugoslovenskih industrijskih preduzeća ka investiranju, što su predvideli Furobotn i Pejovich (1970) i Pejovich (1973).

U stvarnosti, naravno, deluje mnogo faktora i ja, sigurno, ne tvrdim da faktori koje sam ja identifikovao potpuno objašnjavaju kontinualne, prilično velike investicije u Jugoslaviji. Stephen (1978) i drugi autori ukazali su na ulogu inflacije: kamatne stope jugoslovenskih banaka bile su redovno ispod deset posto, dok je stopa inflacije iznosila često dvadeset pet odsto i više. U takvim okolnostima, realna kamatna stopa je bila negativna, tako da uopšte nije iznenađujuće što su preduzeća toliko bila sklona investiranju i što su u bankama postojali redovi za zajmovni kapital. Osi mtoga, obaveza za očuvanje novčane vrednosti kapitala ne znači mnogo u vremenima ubrzane inflacije.

Nadalje, analize Furubotna i Pejovicha (1970), Pejovicha (1973) i još nekih autora mikroekonomske su prirode. One otkrivaju razloge zbog kojih radnici u samoupravnim preduzećima mogu da ne žele da sa njihov dohodak zadrži u preduzećima i nameni investicijama, ali propuštaju da istaknu da će, ako radnici insistiraju na isplaćivanju toga dohotka, koji potom štede, agregatna štednja u privredi biti ista. Privatna štednja biće kanalisana ka preduzećima posredstvom bankarskog sistema. Tržište kapitala i dalje će biti u ravnoteži pri istom nivou štednje i investicija, ali pri nižoj tržišnoj kamatnoj stopi. Može se dodati i to da se investicije mogu finansirati i iz stranih izvora, i da je to činjeno u velikoj (možda, i prevelikoj) meri u Jugoslaviji.

Ja stoga tvrdim da raspoloživost bankarskih kredita, koji se mogu otplatiti iz amortizacionih otpisa, i sistem obavezne štednje po društvenim dogovorima — imaju odredenu ulogu u održavanju visokog nivoa industrijskih investicija u Jugoslaviji uprkos nepostojanju privatnih svojinskih prava.

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WAGES, INVESTMENT AND INCOME DISTRIBUTION: SOCIALIST
THEORY AND POLICY

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INTRODUCTION

During the late 1940s and early 1950s much of the European left entertained an optimistic view of the possibility of democratic social change, based primarily on the significance of the transformation already achieved, partly at least in response to radical pressure. As Crosland (1) wrote in 1952, 'it is now quite clear that capitalism has not the strength to resist the process of metamorphosis into a qualitatively different kind of society'. A number of socio-economic developments were cited as promoting past and future changes, but two were considered crucial:

(i) the belief that full employment could be permanently achieved. Crosland said, 'the trend of employment is towards a high level, and the recurrence of chronic mass unemployment is most unlikely'.

(ii) the belief that full employment, nationalisation of basic industries and the extension of the welfare state represented not only an initial step towards equality but could also be the basis of an ongoing egalitarian trend. To quote Crosland again, 'the level of social services is now so high that our present society is often called the Welfare State. This has far-reaching consequences. It removes the insecurity which made so strongly for social discontent; it involves (since it is financed partly by high taxation of the rich) more equality than would be the case in a low tax *laissez faire* economy: and it makes inevitable (owing to the level of taxation involved) a high degree of government intervention in economic affairs'. Events in the last thirty years, particularly since the mid-1960s, have gradually undermined these beliefs.

FULL EMPLOYMENT AND PRICE STABILITY

Optimism concerning the feasibility of maintaining full employment evaporated, as the numbers out of work climbed to record post-

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war levels and a multitude of economic forecasts see no prospect of a substantial reduction in the foreseeable future. Keynesian techniques are understood, but the political pressure for full employment has weakened due to the inability of governments to reconcile it with price stability. At a high level of employment, wage demands or other claims that increase the money cost of employing labour become both inevitable and inflationary. They become inevitable because full employment removes the only reason why they should not be raised, i. e. the 'discipline' imposed upon workers by job insecurity and fear of dismissal in an environment characterised by the continual threat and periodic occurrence of unemployment. They become inflationary because upward revision of prices provides an easy method of financing them. In the market that sustains a high level of employment, corporations can retrieve, or more than retrieve, a wage increase, for they have won the market power that protects them precisely from this risk. Although individual employers and trade unions bargain to determine wages, the movement is really a general one which spells perennial inflationary pressure. Thus the great unsolved problem of full employment is inflation. This was perceived very early by left-wing Keynesians; by 1936 Robinson (2) was writing 'the point of full employment, so far from being an equilibrium resting place, appears to be a precipice over which, once it has reached the edge, the value of money must plunge into a bottomless abyss'.

The socialist response is often government regulation of prices and costs. When inflation originates from administered prices and a struggle over income distribution, an alteration to the procedures of price-setting and collective bargaining is needed to modify the behaviour of firms and trade unions. Full employment can in theory be maintained without inflation by a state assumption of responsibility for price and income levels; Brown (3) argued that when taxation is unable to remove any excess income above that required to purchase the supply of available commodities at existing prices, the additional income generated by the expenditure of this excess must be controlled directly. However, although prices and incomes policies originate as anti-inflationary devices, they inevitably determine income distribution, if only implicitly, through control of the relationship between changes in money wages and the average productivity of labour.

In practice this control has tended to favour property at the expense of wage earners. Price control can be avoided by changes in product quality, terms of sales credit and the development of black markets which increase profits per unit of sales without altering productive efficiency. In addition, tax avoidance, the use of expense accounts, the existence of incremental salary scales and the ability of the rich to buy expertise to circumvent fiscal or legal measures, all maintain the position of the relatively privileged. Even more seriously for the impact of prices and incomes policies on distribution, wage and salary restraint essentially provides the funds for capital accumulation, the fruits of which accrue to the bourgeoisie. This problem, integral to the operation of a capitalist economy, constitutes the major obstacle to the acceptability of even the most successful incomes policy and the

adoption of such policies by democratic left governments threatens the cohesion of their support. Workers have been compelled by income controls to make a contribution via restrained wages to the funds available for fixed capital formation without enjoying any direct claim on the newly created productive facilities. Moreover, this process of capital accumulation adds to the wealth of existing shareholders to whom the increased values of the new assets accrue.

The left's ambiguity about incomes policies and its consequent inability to achieve price stability at full employment led the public to give priority to inflation over employment as a policy issue. The dominating issue in British politics for the past decade has been inflation. Certainly these words of Crosland are no longer true, 'the political pressure for full employment is stronger than ever before; the experience of the inter-war years bit so deeply into the political psychology of the nation that full employment, if threatened, would always constitute the dominant issue at any election, and no right-wing party could now survive a year in office if it permitted the figures of unemployment which were previously quite normal'. Events after 1945 appeared to show that permanent full employment was feasible, so that its abandonment required the public to be persuaded of greater evils. Inflation has been the central one. This provided the opportunity for monetarism to gain adherents and enabled the present government to conduct its disastrous experiment. Persuasion of the public that inflation is the greatest problem facing the country gave a sanction to the substantial increase in unemployment, not in the sense that it is a desired occurrence but as an insurance against the still worse outcome of rising prices. Only when unemployment had risen beyond two and a half million did public opinion polls show that it had become the issue of most concern to the electorate.

THE LIMITS TO REDISTRIBUTION

Statistics on the distribution of income and wealth are notoriously unreliable and often reach contradictory conclusions. The weight of evidence strongly suggests, however, that although the 1940s saw a substantial reduction in inequality, subsequent progress has been slight if indeed it took place at all. The theoretical advances made in the last thirty years by dropping the unrealistic assumptions of marginal productivity theory demonstrate the basic reason for the lack of movement towards greater equality. The crucial equation derived from the 'New Cambridge' theories pioneered by Kaldor (4) is:

$$\text{Profit} = \text{Investment} + \text{Capitalist Consumption} - \text{Savings of Workers.}$$

Therefore egalitarian policies can take three forms (or combinations of them); to lower investment, reduce capitalist consumption or raise workers' savings. The scope for effective action in each of these spheres is limited.

The first possibility, a reduction in investment, is contradictory. Such a reduction immediately increases labour's share of national income, but less investment implies a diminution in productive efficiency and thus a smaller real income in the future.

The second alternative, a fall in capitalist consumption, seems more promising, but property incomes in a capitalist economy provide the source of finance for both investment and capitalist consumption. The ability of redistributive policies to increase labour's income share depends upon the extent to which they can reduce capitalist consumption without endangering the growth of the capital stock upon which workers' living standards ultimately depend. The spending habits of those owning capital are crucial; if their marginal propensity to consume is large, considerable inroads into capitalist consumption are possible, but if it is small such a feat is unlikely. The probability is that the marginal propensity to consume from property incomes is low, partly because they contain the richest individuals and partly because most profits accrue to companies, which tend to allocate a high proportion to reserves. Consumption patterns are frequently rigid because a normal degree of luxury based on past experience is widely regarded as an essential charge upon income, with additional increments of purchasing power being diverted increasingly to investment. Capitalists usually attempt to maintain their habitual level of consumption and draw upon savings to resist any reduction. A fall in their incomes is reflected in investment, so that the scope for labour to make permanent gains at their expense is limited.

The third option, raising workers' savings, therefore constitutes the only immediate avenue for redistribution. However, as the level of savings is mainly determined by income, workers possess little opportunity to increase the proportion of total savings which they supply. A number of schemes have been proposed to achieve such an increase, for instance Eltis (5) advocated a wealth tax on the rich coupled with subsidies for savings schemes used by small and middle income recipients, but progress in raising workers' savings will on past evidence be slow.

The limitations of all three redistribution strategies suggest that a fairly rigid lower limit to the profit share exists. Below this conventionally determined level, capitalist confidence evaporates. The views and instincts of the financial community are registered speedily and automatically through the condition of financial markets. Governments that antagonise business and financial interests by allowing the profit share to fall close to its lower limit encounter almost without exception a 'capital strike'. The ensuing economic difficulties with equal regularity produce a relaxation in the offending policies. The essence of a capital strike lies in its unorganised, spontaneous character, which is rooted in the requirements of an economy operating under capitalist propulsions. Given these severe constraints upon redistribution within the existing capitalist framework, where can the left discover viable policies that address immediate problems while establishing a trend towards socialism?

EMPLOYEE INVESTMENT FUNDS: A STRATEGY FOR TRANSITION

Socialist governments need 'to square two circles', given that the political circumstances for an immediate revolutionary transformation of society are unlikely to exist for the foreseeable future:

- (i) to maintain approximate price stability at full employment,
- (ii) to increase labour's share of national income without imperilling future growth.

Proposals for employee investment funds developed in Sweden during the 1970s constitute a possible way of squaring these circles, by securing wage restraint in exchange for an increase in the proportion of the capital stock controlled by workers. The Swedish Social Democrats faced a problem which is central to the operation of capitalism and constituted the main constraint upon their programme, i.e. wage restraint pays for capital accumulation. The only solution to this problem is to let the capital growth accrue to workers as a collectivity, but in the long run this implies collective ownership of most productive capital in the economy.

The Swedish programme entails socialisation of the economy in the long run. Companies with more than a hundred employees, which account for two-thirds of all private employment in Sweden, would have to transfer a portion of their profits (from between ten and thirty per cent) in the form of newly issued shares to employee investment funds administered by the relevant trade unions. The transferred portion of profit would be new equity capital and would remain in the firm for investment. The voting rights of the stock would belong to the unions with the first forty per cent split between local and national representation. Thereafter the national body appoints additional board members in consultation with local officials. Dividend income would not be distributed individually but be used for various collective services, such as education, and the provision of the technical backing unions need to make the most of their enlarged voice in workplace and enterprise decisions. The programme also envisages a number of development funds, financed by a three per cent tax on the wage bill and controlled by local unions and public representatives, set up to provide credit sources for new investment. At present rates of growth, the more profitable firms would become worker controlled in twenty or thirty years. Within fifty or sixty years the Swedish economy would become socialist because the majority of equity capital would be collectively owned.

Alternatives based on individual shareholding do not produce the same effect. First, they would not increase employee power in the workplace. Second, since the shares can be sold after a certain period of time, they raise consumption and reduce the capacity for investment. Finally, because lower income earners are most likely to sell their shares the redistributive impact of such schemes is small. Individual profit sharing not only preserves the link between profits and personal income but also avoids the establishment of new institutions of social ownership. The dilution of personal shareholding does little to counteract the entrenched power of financial institutions. Consequently collective ownership is required.

Employee investment funds represent an attempt to advance beyond a welfare state towards socialism. Although involving a fundamental change in future economic organisation, they contain an element of gradualism that makes them politically feasible in a non-

revolutionary situation. Moreover, they possess considerable advantages over nationalisation, in that they cost the government nothing in compensation. Employee investment funds entail forced savings from workers, but the alternative is to continue with the present system of forced savings, in the form of lower wages, which accrue to the capitalist. Moreover, in contrast to nationalisation, they secure short term benefits for workers via increased control in the workplace. The only way to promote capital accumulation without increasing the concentration of wealth is to institute collective funds.

Any transition on these lines depends not only upon the strength of the labour movement but upon the reaction of capital. Will the introduction of employee investment funds lead to capital exit? Will international capital perceive such funds as sufficient a threat to orchestrate some kind of sanction against any country initiating them? Any assessment of these future problems involves speculation, but the labour movement must carefully consider them. Capital's response depends not only on rational economic considerations, but on political opinions and subjective feelings. The rational economic behaviour of an investor upon the introduction of employee investment funds is to do nothing in the short run. The rate of return on capital is unlikely to be changed, for it is capital growth rather than present capital that is socialised. Moreover, the funds constitute a new investment source and may make wage control more acceptable, so that they could increase a firm's profitability. To precipitate massive capital exit would be irrational because this would create a drop in values on the stock market. In the long run the activity of investors as a class will be determined by business performance. Few investors own enough capital to sit on corporate boards, so control relations in the enterprise are of little concern to them so long as their rate of return is adequate. If capital exit does not occur before a given firm goes over the fifty per cent proportion of collective ownership, it is unlikely to occur then. By that point the combined collective ownership in the economy would be so high that private capital outflows and investment strikes would no longer be a serious threat. From a political standpoint, action by capital makes more sense. Conservative opposition to employee investment funds would make economic sabotage against a Labour government attractive since it might restore the Conservatives to power who would then repeal the legislation. Certainly business will attack collective profit sharing as a threat to both freedom and efficiency. Other problems include the danger of internationally mobile capital shunning investment funds. This danger relates to the activities of multinational enterprise generally rather than being specific to employee investment funds. If such movements occurred on any large scale, government and trade unions would need to devise democratic methods of countervailing them.

However, the British labour movement may well possess a favourable opportunity of moving beyond the welfare state, because the national economy's immediate problems necessitate a socialist solution. Britain faces an urgent need for modernisation of its physical capital.

This can only be achieved by a substantial increase in investment, the funds for which must ultimately derive from some type of wage restraint. Given that accumulation on the required scale would probably entail a decline in working class living standards, British trade unions are unlikely to accept such a formula. However, if the capital growth resulting from wage restraint accrued to workers rather than to capitalists, they might consider such a policy in an entirely different light. Employee investment funds constitute a daring policy option for the Labour Party, but the coherent alternative is to carry out a regressive redistribution in the hope that capitalists will then find investment attractive.

The employee investment fund, which socialises capital growth, could replace nationalisation as the primary gradualist path to socialism. Its advantages are that it provides immediate benefit for workers with no financial outlay from the government, while simultaneously providing new sources of capital formation. It is a practical solution to an urgent problem; indeed it may be the only solution for countries such as Britain and Italy where a high reinvestment rate is essential for industrial regeneration and where strong unionisation makes it difficult to impose a wage stop for capital accumulation which accrues to the bourgeoisie. The immediate advantages of employee investment funds may make them politically possible far sooner than the distribution of political forces might suggest.

CONCLUSION

Our conclusion is that the only way in which price stability, full employment and a more egalitarian society can be combined is through a change in the institutional framework within which investment takes place that will make it possible for investment to increase without reducing economic equality. In principle, employee investment funds shortcircuit the link between profits and the personal income of both capitalists and workers. To the extent that the growth in equity capital resulting from reinvested profits accrues to the workers' fund instead of the original owners, investment occurs with no corresponding growth in private shareholders' wealth. Wage settlements that permit an increase in retained profits do not then imply a transfer to capitalists of income that unions have failed to extract for their members. Consequently the pay restraint required to secure price stability at full employment becomes a substantially more feasible proposition. It is no longer possible to achieve full employment or greater equality without institutional changes that seriously encroach on the capitalist character of the economy.

In the initial stages of the operation of an employee investment fund, private shareholders' gains from increased investment are only partially reduced. As an increasing proportion of total equity capital accumulates in the workers' funds, its effects become far reaching. It implies the gradual but inexorable erosion of private property institutions as the basis for organising economic activity. Private property is

replaced by a form of social, although not state, ownership. The alternative strategy of monetarism seeks to satisfy the requirements of capitalist investment by departing from full employment. It does not deny that techniques exist to maintain continuous full employment but points to their inflationary impact. By contrast, employee investment funds could alter the industrial climate, initiating a new era of economic development without the danger of uncontrolled rises in costs. It might simultaneously be a more effective redistributor than any conceivable fiscal measures and provide a large measure of industrial democracy without bureaucratic management.

Numerous problems will arise, but the idea and purposes of employee investment funds must be kept in sight rather than allowing the difficulties to obscure the way to their achievement. Much will depend upon the response and vision of individual trade unions and their members, for their exact structure and impact, indeed whether they are implemented at all, depends upon the strength of the labour movement. That there is a strong case for deliberately spreading the ownership of capital coupled with the development of financial institutions responsible to workers can no longer be in doubt. What is now required is that unions and other labour policy formulators should lead the way in this direction.

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PLATE, INVESTICIJE I RASPODELA DOHOTKA: SOCIJALISTIČKA TEORIJA I POLITIKA

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Rezime

Zaključak članka je sledeći: jedini način na koji se stabilnost cena, puna zaposlenost i društvo veće jednakosti mogu spojiti sastoji se

u takvoj promeni institucionalnog okvira u kome se preduzimaju investicije koji će omogućiti povećavanje investicija bez smanjivanja ekonomske jednakosti. U načelu, radnički investicioni fondovi kidaju veze između profita i ličnih dohodaka i za kapitaliste i za radnike. U meri u kojoj rast akcionarskog kapitala koji potiče od reinvestiranih profita — uvećava radnički fond a ne fond originalnih vlasnika, investicije ne daju odgovarajući rast privatnog akcionarskog bogatstva. Ugovaranje nadnica koje dozvoljava porast prisvojenih profita ne implicira transfer kapitalistima onog dohotka koji sindikati nisu uspeali da izvuku za svoje članove. Konsekventno ovome, ograničeno plaćanje koje je potrebno za obezbeđenje stabilnosti cena pri punoj zaposlenosti — zaista postaje verovatnija propozicija. Više nije moguće postići punu zaposlenost ili veću jednakost bez institucionalnih promena koje ozbiljno narušavaju kapitalistički karakter privrede.

U početku stadijumima funkcionisanja radničkog investicionog fonda, privatni akcionarski dobiti od povećanih investicija samo su delimično smanjeni. Kao rastući deo ukupnog akcionarskog kapitala akumuliranog u radničkim fondovima, on dobija dalekosežni značaj. Ovo implicira postepenu ali neumoljivu eroziju institucija privatnog vlasništva kao osnove za organizovanje privredne aktivnosti. Privatno vlasništvo je zamenjeno oblikom društvenog, a ne državnog vlasništva. Alternativna strategija monetarizma nastoji da, odstupanjem od pune zaposlenosti, udovolji zahtevima kapitalističkih investicija. Ona ne poriče da postoje tehnike za očuvanje kontinualne pune zaposlenosti, već upozorava na njihov inflatorni karakter. Kao suprotnost ovome, radnički investicioni fondovi mogu promeniti industrijsku klimu, iniciranjem novog razdoblja privrednog razvoja bez opasnosti od nekontrolisanog povećavanja troškova. Oni istovremeno mogu da budu i efikasniji redistributer od bilo kakvih mogućih fiskalnih mera i mogu, u značajnoj meri, da osiguraju industrijsku demokratiju bez birokratskog upravljanja.

Brojni problemi mogu nastati, ali se zamisao i svrha radničkih investicionih fondova mora imati na umu; ne sme se dozvoliti da teškoće osujete njihovu realizaciju. Mnogo će zavisiti od reakcije i pronicljivosti pojedinih sindikata i njihovih članova, jer egzaktna struktura i stvarni uticaj radničkih investicionih fondova, ukoliko su oni uopšte zaživeli, zavise od snage radničkog pokreta. Više se ne može sumnjati da postoje ozbiljni razlozi za osmišljeno širenje vlasništva nad kapitalom u sprezi sa razvojem finansijskih institucija koje su odgovorne radnicima. Ono što je sada potrebno jeste da sindikati i ostali tvorci politike rada preduzimaju mere u ovom pravcu.