

Social Ownership for the 1990's: a local view of a national vision.

by Robin Murray

The Labour Party's NEC policy document on Social Ownership contains - in its own words - "a radical new approach to social ownership (which) reaches out to include reforms which bring greater democratic accountability; responsiveness, fresh local and regional initiatives; and new constructive partnerships between old and new, private and public." In spite of some internal parliamentary opposition to raising the issue at all, it was presented to conference and passed overwhelmingly.

While it would be more accurate to describe the text as a constructive partnership between ideas old and new - rather than entirely new - it is none the worse for that. Its main significance is that it questions - for the first time in more than fifty years - the model of the Morrisonian public corporation.

Herbert Morrison in the late 20s and early 30s had played a key role in winning TUC Labour Party acceptance to the idea of independent public corporations. His plans for London Transport - drawn up when he was Minister of Transport in the MacDonald government - excluded workers' participation in the management of the new Board (much to Ernest Bevin's disapproval). The resulting controversy was settled by 1935 in Morrison's favour, and embodied in the Atlee government's nationalisation programme after the war.

New Models of Public Enterprise

The NEC's new document re-opens this whole question. "The Morrisonian model, perhaps appropriate to the immediate demands of war-torn Britain, became outdated, leaving behind it a legacy of unresponsive monoliths." Instead the NEC wants "to create new models of public enterprise, not merely to shift the boundaries of ownership". This is a move of great importance.

The first feature of the new model is to increase the power and involvement of the public sector workforces. They want these workers to "lead the way in industrial democracy and new forms of work organisation..(and) become "pacesetters" in such areas as flexible working hours job restructuring and positive equal opportunity policies". They see this coming about through an extension of collective bargaining, with the unions receiving more information, becoming involved in enterprise planning, and having places on the company board. The document calls for more training for workers and managers, as well as a widening of the education curriculum, to allow workers to take advantage of these new powers.

Customer/User Rights

Secondly, there are some striking proposals to increase the power of users with respect to socially owned enterprise. One is to introduce a Customer Rights Contract, which would guarantee a certain standard of service (for example no phone should be out of order for longer than, say, one working day) with means of redress if these standards are not met.

Another is to strengthen and extend consumer advice centres, and to set up a strong National Consumer Agency.

Thirdly, there are proposals for new forms of social accounting, and measures of social as well as financial performance. Key to this would be a new social Audit Commission.

Fourth, the document suggests a shift from 'vanguard centralist' approach to what we might call a guerilla strategy for advancing social control in the economy. Instead of a direct confrontation with the 'top 200 companies', the NEC appear to favour a policy of encroachment, using flexible units like national and local enterprise boards to make lightning strikes into sectors, expanding co-ops, activating existing state power over large corporations through public finance and purchasing, and taking full state control only at certain key strategic points.

Scope for Local Authorities

These points in part reflect the experience and shifts in emphasis of the new municipal socialism of the 1980's. They also promise much greater scope to local authorities in national economic strategy. The document foresees new sources of funds for local economic initiatives, raising of the restrictions on section 137 funding, and a new specific power for local economic intervention. Councils will have an important part to play in the education and training programme for enterprise planning, and in the extension of user control.

Recent local authority experience also suggests a number of other points which the document only hints at, if it covers them at all. First is the problem of exercising social control, local or national, over multinational corporations.

There is a part that local councils can play - in supporting trade unions in their international links, - but the complementary use of national economic power is essential even if - on its own - it may also be inadequate. Secondly, local authorities often have even less influence on the existing public corporations. Thirdly there is a need for greater internal planning across different parts of the state - local and national - to ensure that potential state power over purchasing, finance, tariffs, or land use planning is realised. What is needed here are audit commissions on the major companies, detailing their strategies, and the potential power that the public sector has with respect to them.

Construction Partnership difficult.

Local enterprise board experience also indicates that the relationship between public and private is much more problematic than the NEC document's 'constructive partnership' indicates or simple-loans relationships. The LEB's have found themselves repeatedly up against fraud, sharp practice, and bad faith.

Attempts to meet objectives on enterprise planning, equal opportunities, and even industrial restructuring have been hard enough in fully publicly owned enterprise, and almost impossible when pursued through privately owned ones. Hence in switching strategy to a more gradual guerilla encroachment, the danger is one of underestimating the conflict between private and public goals, and of being marginalised to the plains of the economic battlefield while the commanding heights remain unchallenged.

They cannot be taken until there are new models, and a demonstrated capacity to run public enterprises as effectively as private ones but in the wider social interest. The NEC document helps to recognise this. What needs to happen now is a further expansion of the new model, not least through the practice and initiatives of local authorities themselves.

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