

The Growing Case for Social Ownership

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Spiralling worldwide inflation together with the onset of recession in the US, UK, Germany and other industrial economies share a common cause with the worsening credit crisis which has engulfed the global financial institutions. Four decades of interrupted, credit-led growth have produced over-production, over-consumption and now failing global corporations, whose profit-seeking operations have sharply widened inequality, depleted resources, wrecked eco-systems and generated life-threatening climate change, and created the conditions for global health pandemics.

Eminent climate scientist James Hansen is clear about the reasons for inaction. In a 20th anniversary presentation of his 1988 warning on climate change to the US Congress he put it plainly:

“Special interests have blocked transition to our renewable energy future. Instead of moving heavily into renewable energies, fossil companies choose to spread doubt about global warming, as tobacco companies discredited the smoking-cancer link. Methods are sophisticated, including funding to help shape school textbook discussions of global warming. CEOs of fossil energy companies know what they are doing and are aware of long-term consequences of continued business as usual. In my opinion, these CEOs should be tried for high crimes against humanity and nature.” He added: “If politicians remain at loggerheads, citizens must lead.”

The majority, especially young people have long ago turned away from mainstream political parties, all committed to preserving the status quo. Despite the rejection of parties, political activity is strong and mounting. In the UK as elsewhere, citizens continue to show their willingness to protest – mounting mass campaigns against the wars for control of resources and markets, against spiralling prices, against the corporate takeover of agriculture.

Whilst support for fair trade and eco-consumerism is strong and growing, it is critical to explain that ethical production and capitalist production for profit are mutually exclusive opposites.

The long and successful history of the co-operative movement worldwide provides a different kind of inspiration and a firm foundation for the future. There are more than 800 million members of around 750,000 organisations

in around 100 countries. These range from consumer, producer to purchasing or shared service co-operatives democratically deciding how to recycle their surpluses by developing their businesses or distributing them to members. The most well-known in the UK are The Co-operative, and the John Lewis partnership. Co-operatives provide over 100 million jobs around the world, 20% more than multinational enterprises. They include credit unions and mutual savings institutions like the Nationwide building society. The UN estimated in 1994 that the livelihood of nearly 3 billion people, or half of the world's population, was made secure by co-operative enterprise.

As the banks are engulfed by new waves of crisis those who lost their jobs in the nationalisation of Northern Rock are being joined by many more thousands, as the building industry grinds to a halt and industrial production shrinks. The outcry against mounting unemployment and repossessions must be met with proposals for employees and customers to take industries, land and housing into new forms of social ownership and to deploy resources for the common good.

The shift to local production that must accompany the reduction in energy consumption needed to limit climate change and deal with declining oil means eliminating profit from production, taking all fossil fuels into social ownership and switching from resource exploitation to careful stewardship.

Lessons must be learned from the failures of the bureaucratic, state-run forms of social ownership of the Stalinist period. New forms of participative democratic control and accountability will be needed to reverse the creeping privatisation of the NHS, education, social services. In these and other self-managed organisations an elected workers' council with access to a wide range of expert financial, technical and scientific advice would work locally with customer and end-user representatives to ensure local needs are identified and met.

The campaign for social ownership and control should explore ways to distribute the income from the operation of an organisation. The key issue is the replacement of the wages-for-labour employment contract which, along with ownership by investors interested solely in profits, are the foundations of the failing social and economic system.

Implementing such a programme will require the support of a new kind of government, backed up by an independent social movement. It is necessary to acknowledge that the old politics is finished and that creative, new solutions must be found.