

The case for industrial and economic democracy

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Workers in Britain experience a fundamental lack of democracy in their places of work. While there are some limited forms of political democracy through representative institutions, such as Parliament, there are no corresponding bodies for governing workplace relations. Consequently there is no industrial democracy. Because there is a lack of democracy at work, where goods and services are produced, distributed and exchanged and decisions are made over these matters, there is also an absence of economic democracy. Consequently, there is a sizeable 'democratic deficit'. Workers have traditionally sought representation of their interests through unions, but unions are dependent upon others parties, namely employers and the state, for acceptance, legitimacy and recognition, so workers have no automatic, inalienable or inviolable rights for exercising some form of control over their working lives. Moreover, the power of unions can ebb and flow depending on their bargaining power and that often depends on the state of the labour market. Consequently, a set of permanent, inalienable rights in the arena of industrial democracy at work is required.

It is generally conceded in the liberal democracies that workers should have a right to participate in the making of decisions that affect their working lives (even if no specific mechanisms are prescribed for this). What prevents this realisation is the imbalance in power between labour (workers), on the one hand, and capital (employers) and the state, on the other. In Britain, this imbalance has taken the predominant form of 'voluntarism' or 'collective laissez-faire' in the employment relationship, where capital and labour are left, largely unhindered, to regulate their own affairs and their interaction with each other. Essentially, a very minimal level of regulation is involved other than where greater intervention is used to curb potential union power, (e.g. there remains no positive right to strike). This historical situation occurs as a result of the employers' and state's wishes. Employers, given their superiority in power and resources and the interests they have, are happy to be able to manage their organisations, and to regulate their relationship with their workforces, as they see fit. In general, they oppose state intervention in industrial relations. Concomitant, the perspective dominating state thought is keen to support this non-regulation as a result of the belief that interfering with the managerial prerogative is detrimental to economic efficiency and wealth creation.

Traditionally, many unions have also favoured this system, fearing the consequences for their freedom to act as they choose, particularly in

periods of union strength. But, of course, there are a number of important provisos to this. First, is the immunity in tort that trade unions enjoy, essentially the reversal of the Taff Vale judgement of 1901, under which unions are protected from civil liability for loss of business incurred by employers during industrial action. But this is far from a positive legal right to strike. Second, the tranche of legislation enacted by the Thatcher governments and kept by New Labour, reduced the scope of activities for which there was immunity and regulated the conduct of internal union affairs. Far from reducing state influence in this area, state intervention increased but precisely to reduce the power of unions in order to allow employers to reassert their control as they sought to increase their profit margins. Nonetheless, the general picture remains true – of voluntarism dominating the manner under which industrial relations and the employment relationship are organised in Britain. In essence, employers, with the consent of the state, are given a free hand in how to determine their employment relations. This can be mostly easily seen if a comparison is made with the corresponding situations in Germany, the Netherlands or Sweden.

The issues here concern more than simply removing the employer's right to solely determine the employment relationship in order to create joint-control and co-determination between capital and labour. The issues also concern creating greater productive efficiency and effectiveness by removing instability and conflict from employment relations, and regulating the inefficient operation of the market, based as it is on competition (rather than cooperation) which leads to duplication and waste. Britain's productivity level has been recognised for many decades to have lagged behind that of other western industrialised economies. Thus, the British economy has been characterised as one of 'low productivity, low wages and low investment', where downward movement in one encourages downward movement in the others.

A reduction in the degree of rivalry between firms seeking 'competitive advantage' through varying terms and conditions of employment will lead to a focus on product or service specification and quality as the means of superiority in the marketplace. Such an approach also encourages longer-term strategic planning in investment in products and services. Presently, employers in Britain act in short-term, knee-jerk ways that are disruptive, wasteful and inefficient uses of human and capital resources. There are also other productive benefits to be gained from joint-control and co-determination through consequent increases in the morale of workers and in their degree of job satisfaction. We should not simply see these benefits just in terms of productivity gains, for they also hold out the prospect of

more fulfilling and enriching forms of work and employment so that people's experience of them is no longer one of drudgery and boredom.

For participation to be effective and meaningful, its scope must be both of considerable depth and breadth. Depth concerns the degree or extent of influence over any one issue while breadth refers to the array of issues that are subject to participation. Not only must this be true at the shopfloor workplace level but it must also be true at the higher internal levels within organisations such as divisional, headquarter and parent levels. If it is not, then workers will find that in attempting to exercise joint control over issues at the shopfloor level, they are acting within a framework already set out by senior management, thus reducing their ability to act as they wish. Another pre-requisite is that participation for workers is based on their collective involvement organised through permanent, independent and democratic collective associations (i.e. unions). This is because it is only through workers combining with each other that they can increase their power resources to represent their interests.

For democracy and participation at work to exist, a number of conditions are required.

- First, there must be the rights to question, criticise and challenge management and employers, and to hold them responsible and accountable for their actions.
- Second, workers must have the rights to impose obligations on management and employers and to restrict their ability to impose unilateral actions.
- Third, workers must have the right to initiate proposals for change, rather than merely be able to respond to management initiatives.

For these rights to be meaningful and effective, an accompanying set of rights must also exist, which give access to resources. Foremost amongst these are:

- access to relevant information and expertise;
- training in the ability to analyse material and articulate arguments;
and
- the available time in which to do so.

With these, workers can take part and make inputs into the structures and institutions of participation in significant ways and with significant outcomes. In addition to these rights and resources, the actual structures and institutions of participation must be established in a way that does not

prejudice their decision-making processes or the outcomes. This necessitates representation balanced between workers and employers, that remits are not restricted and that arenas of participation are not isolated from the other parts of an organisation, so making them irrelevant and powerless.

Democracy and participation at work is thus alien to employer-initiated employee involvement schemes, which are part of the human resource management discourse. They encourage employees to take part in the running of their organisations on issues that are of the lowest levels of organisational importance and in passive and individualized ways. They do so in ways that promote conformity and adjustment to the pursuit of managerial objectives and revolve around the working out of solutions to managerially defined problems.