

**The Labour Party
Outline Policy:**

WORKERS' DEMOCRACY



As adopted by the Labour Party Annual Conference, January 1969

WORKER DEMOCRACY

SECTION ONE — INTRODUCTION

- 1.1. This policy is a statement of progress towards socialism. It will be quite clear that its proposals envisage a real change in society.
- 1.2. There is a great deal of current confusion in relation to the meaning of 'industrial democracy' — for many it means little more than an improved system of industrial relations. In this document worker democracy is defined as full participation by the workers in all decisions involving the utilisation of the resources employed by an enterprise or organisation. The proposals made here concentrate on the long rather than the short term because Labour is intent on changing Irish society, not just shoring up an imperfect and unjust one.
- 1.3. The main argument for participation in decision-making is not economic, in that it would lead to a more stable system of industrial relations. Far more important is its ethical or philosophical significance in applying the democratic principle to work.
- 1.4. This policy outlines Labour's initial proposals for Worker Democracy. They are not in any way complete and do not represent the final word on the subject. We must chart our own path to democracy in our work places. The outlines of the present day unjust society are known. The end objective of this policy is also known. The problem is to lay down the guidelines for the transition from an autocratic system to a democratic one. On the Continent at one end of the spectrum there is the approach based firmly on public ownership with workers' councils and self management. At the opposite end there is the other experience of trying to achieve industrial democracy within an orthodox capitalist system. Some want to change society while others want to extend worker influence over the industrial process without making any fundamental changes in society.
- 1.5. The aim of worker democracy is to make the decision takers in the place of work and in the control of the enterprise responsible to those who work in it. The vague word 'participation' can mean anything or nothing, the frills of profit-sharing or the irrelevancies of works councils. Labour rejects these approaches on the ground that there is nothing more pointless than participation in something over which you have no control. 'Participation' is often a device to ensure co-operation with managements for the purpose of controlling and exploiting for private profit.

- 1.6. The proposals contained in this document are intended to give expression to the internal and external community of interests that exist in any work situation but which are ignored to the exclusion of profitability and management rewards. The workers, of all levels, have a vital stake in an enterprise. The consumer is involved, for without him the enterprise would not exist. Society at large is interested, because the enterprise controls and utilises resources of materials, manpower and capital. Furthermore, an enterprise depends on the maintenance of the infrastructure to carry on business at all. And, of course, society is vitally interested in the contribution which each enterprise makes to the national economic performance. An enterprise is obviously a greater co-operative effort than the narrow legalistic concept of the joint stock company where, in the last analysis, the only people with rights are those with a financial interest, be they shareholders or creditors.
- 1.7. Labour's objective is a fundamental change in society, not a mere reforming programme which makes work more bearable without changing the control and ownership structures. The objective is to gain acceptance for the democratic principle in the workplace and then to institutionalise it by creating new organisational structures in the work place. There is a great deal of hostility to the concept of worker democracy because it will affect those who now benefit from privilege and inequality. Their tactic is to attack, not the principle of equality, but the alleged impracticality of the methods for implementing it. These are represented as being 'dangerous' and 'unrealistic.' It is comforting to remember that the same charges were hurled against the principle of universal suffrage and the right to self determination.
- 1.8. To democratise enterprises is not sufficient in itself, however, to achieve the aims of Labour's policies. Unless there are effective checks safeguarding community interests, worker democracy could well result in a mere extension of profit-sharing with the same disregard for community welfare which now characterises private enterprise. Conceivably, it could in certain circumstances lead to a more thorough exploitation of the enterprise's resources. Accountability in respect of public interest must be an important element in the operation of worker democracy. In general, this will be achieved through the participation of the enterprise in the national planning apparatus which will entail the free flow of information to the planning authority and the conformity of the enterprise with the plan and its targets as outlined in the Party's policy on Industrial Development. In addition public accountability will be achieved through the public control of all banking and financial institutions, as outlined in the Party's Banking and Financial Policy.
- 1.9. It is to be understood that there can be no doctrinaire approach to worker democracy. Life must not be forced to conform to theories. The approach must be experimental and flexible while the principle remains immutable. The intention is not to replace autocratic management with bureaucratic management but instead to allow freedom full play in economic organisation.

SECTION TWO — RECOMMENDATIONS

- 2.1. Worker democracy is understood as full participation in decision-making relating to the utilisation of the resources of an enterprise or organisation.
- 2.2. The aim of worker democracy is to make the decision-takers in the place of work and in control of the enterprise responsible to those who work in it.
- 2.3. The objective of the worker democracy policy is to gain acceptance of the democratic principle in the workplace.
- 2.4. The Labour Party condemns as harmful to the interests of all citizens and undemocratic to the full development of our economy the arbitrary utilisation of the nation's resources by an individual or group of persons.
- 2.5. The Labour Party believes that statutory provision must be made to secure for all those engaged in economic life effective participation in all levels of decision-making.
- 2.6. Such changes will be made in the regulations governing the operation of State and semi-State undertakings as will, whilst conforming with the requirements of public accountability, provide for effective participation in the decision-making processes at all levels by those engaged in these undertakings. This participation will be secured through the free election by those engaged in these undertakings of their own representatives.
- 2.7. Similar provisions will be introduced on a statutory basis by the Labour Party for those engaged in private and joint stock undertakings.
- 2.8. The provisions of the worker democracy legislation will only apply to concerns where the numbers engaged make the application of the provisions meaningful.
- 2.9. The Civil Service, Local Authorities and the Semi-State bodies should be mandated to restructure their internal organisations so as to introduce real worker democracy. The public sector should set the pace and provide examples of how to democratise work.
- 2.10. An over-riding principle in Labour's policy for worker democracy is to ensure that investment capital and its disposal will not be subject to arbitrary control. Accordingly, Labour will introduce statutory provisions to bring all financial institutions, including banks, merchant banks, credit and insurance companies under public control and subject to the supervision of the National Planning Authorities.
- 2.11. As outlined in the document on Industrial Development the National Planning Authority will be invested with the full power of the State in the planned development and utilisation of national resources. The Authority will be composed of the elected representatives of Dail Eireann, Local Authorities, Economic Organisations and undertakings.

- 2.12. The Labour Party, aware of the important contribution which can be made by co-operatives which genuinely incorporate in their management and operations the principles of democratic decision-making and participation, will give substantial State support to this form of enterprise.
- 2.13. The Labour Party considers that an essential prerequisite to the attainment of worker democracy is that all workers should have the full right to join trade unions and that all undertakings should be obliged to recognise and negotiate with trade unions.
- 2.14. The Labour Party, aware that in 1967 the Irish Congress of Trade Unions unanimously adopted a motion calling for support for the principle and practice of Industrial Democracy, therefore, will consult on a regular basis with Congress in the drafting of policies to be implemented by the Labour Government.
- 2.15. The Labour Party realises that to bring this policy about will require the radical reform of primary, secondary, vocational, university and adult education as outlined in the Party's Education Policy. This reform will be designed to rid education of the anti-social and undemocratic class distinctions which pervert true educational values. It will stress the conviction that work in the socialist context has its own intrinsic dignity and value irrespective of social, educational or employment status. The Labour Party will join with the trade unions in the promotion of a programme of adult education within the Labour Movement to bring about these changes.
- 2.16. The Labour Party puts forward these initial proposals as a basis for socialist policy on worker democracy. The Party will continue its study of the question of Worker Democracy and will set up a permanent Committee for this vital aspect of policy.

SECTION THREE — WORK

3.1. **Work and Society**

- 3.1.1. The key problem in the life of all advanced countries is how to achieve democracy at work.
- 3.1.2. The resources within the modern mixed economy are by and large owned by a small number of people and controlled by a small managerial class. The great mass of those who are employed in industry, commerce and administration are without power. Their working lives are directed and managed by people who were not appointed by any democratic process. In political life man has struggled for centuries to secure equality and the right to elect those who rule. Yet in industrial life men are unequal. Those who rule are not elected to their positions of authority but are appointed without consultation. The relationships of those at work are undemocratic because the organisation of the capitalist world is autocratic and constitutes an intolerable denial of the right of every man to be free in all aspects of life, political, social and economic.
- 3.1.3. Democracy itself is at stake. Unless the inequality between those who own or manage, and those who merely work, is brought to a swift end, then

political democracy will become progressively more meaningless. Political institutions will become even more responsive to the demands and needs of big business and finance. The control by ordinary people over political power will become even more illusory. Democracy is two-sided. There cannot be true political democracy without economic democracy. At the moment true political democracy does not exist because it is not matched with economic democracy, even in a token form.

- 3.1.4. Society must solve this problem of democratising work or else the contradictions between political democracy and industrial autocracy will lead to tensions which cannot be resolved. The establishment of equality in the relationships between those who manage and are managed and in the ownership structure, are two aspects of the same problem.
- 3.1.5. In achieving worker democracy the problem is that too few people own productive resources and what research has been carried out indicates that one or two per cent own from a half to four-fifths of the capital stock in the average mixed economy. This terrifying imbalance is at the heart of social inequality and is the cause of industrial strife and the exclusion of most of the population from the control of society. There will be no peace or justice until the ownership structure is changed, together with corresponding changes in work relationships.

3.2. **Work and the Individual**

- 3.2.1. There is a contradiction between the potentially creative core of all work and the passive status to which the employee is reduced. Responsible for his work, he is not the master of his working conditions nor, indeed, in many cases has he any influence over them. Interest in his work is demanded of him, yet he must submit passively to the disciplinary code drawn up by management.
- 3.2.2. The specific organisation of labour tends to dissociate the moment of decision from the moment of execution. By this the worker is reduced to a docile instrument who cannot participate in the production process as a whole or in its relationship with society.
- 3.2.3. Sociological study suggests that many wage claims are motivated by rebellion against working conditions and against the frustration of being dehumanised as much as by revolt against the economic burden of exploitation. It has been said that wage claims express a demand for as much money as possible to pay for the life wasted, the time lost, the freedom alienated in working under these conditions. The worker insists on being paid as much as possible, not because he puts wages above everything else, but because at present the worker can fight the employer only for the price of his labour, not for the control of his conditions or the management of his own work. Whatever price the employee manages to extract from his employer in exchange for his freedom, the price cannot compensate him for the human deprivation he suffers. Control over his working conditions will never be conceded to him. He will never have the freedom to determine his own situation.

- 3.2.4. For the great majority, work is an activity done principally for the profit of another. Work is not an expression of self, it is not the free use of mental and physical energy, nor is it the free utilisation of creative talents. On the contrary, it is the subordination of self to the dictates of another. The worker and his produce are separated. In modern society work is external to the worker and it is not self-fulfilling. It has been rightly said that the worker only feels himself at home during his leisure, whereas at work he feels homeless. His work is not voluntary but imposed, forced labour. It is not the satisfaction of a need, but only a means of satisfying other needs. The alienation of the worker is based on the fact that it is not his own work but work for someone else and the fact that the product of his work is appropriated by someone else. In this lies the root cause of the ills of capitalist society. In this we see the negation of freedom when all around are the trappings of freedom, contradicting the very reality which most people experience.
- 3.2.5. The social consequences of this permanent condition affect the foundations of the consumer society and have serious consequences for social policy. Because work denies the individual a creative active function, his satisfactions are found only in non-work. Work is regarded as a penance. So artificial wants are created through advertising which help to ease the situation for the worker but do nothing to improve his work conditions. It has been said that capitalism civilises consumption and leisure to avoid having to civilise the productive and work relationships.
- 3.2.6. Our proposals are a first step in civilising the uncivilised world of private profit and public poverty.

SECTION FOUR — THE PATTERN OF THE IRISH ECONOMY

- 4.1. The numbers engaged in non-agricultural employment in this country are small in comparison to other economies. The main characteristic of our economic organisation is the large number of small concerns. In industry less than 2% of the firms employ five hundred or more. Nearly half of the establishments in the country are private companies, while a further third are partnerships or individual concerns.
- 4.2. Any programme for the introduction of worker democracy must take into account the relationship between the size of the enterprise and the effectiveness of worker democracy. Obviously the structure that suits a small workshop of twenty employees in a private company will not suit an enterprise of a thousand or more in a large diversified public company.
- 4.3. The national work force can be analysed as follows: a quarter of a million work in manufacturing industry with only one-fifth of the companies employing more than fifty workers. Three-quarters of our manufacturing industry workers will benefit from Labour's initial Workers' Democracy legislation.
- 4.4. Over one hundred thousand are engaged in the distributive sector. While there is a growing concentration in the number of outlets, particularly in the supermarket category, nearly 60% of the outlets employ less than ten. Approximately half the employees would come within the terms of the

initial worker democracy legislation. The semi-State sector employs over 50,000 and public administration another 40,000. All of these workers will come within the ambit of our proposals. The biggest remaining single sector is that of personal service, which employs over 60,000 and includes hotels and restaurants. In view of the growth potential of tourism this number is likely to increase in the hotel and restaurant category. Half of the workforce, at least, will be employed in enterprises covered by these proposals.

- 4.5. It is estimated that nearly 400,000 workers are in enterprises where worker democracy provisions will be applied.

SECTION FIVE — THE PRIVATE SECTOR

- 5.1. The process of humanising private enterprise has been due almost entirely to legislation. The transformation of the nineteenth century laissez-faire system into the present-day mixed economy, which guarantees a range of employees' rights, has been effected in the teeth of the virulent opposition from employers and property owners. Exhortations for improvements have fallen on stony ground and stony hearts. It has been necessary for liberal reformers to push legislation through parliaments to remedy evils. The worker movements everywhere have had to fight to gain acceptance of their own rights to organise in trade unions, to legal status and to the securing of minimum standard of wages, hours of work, safety, job security, leisure and latterly compensation for redundancy.
- 5.2. History is the strongest evidence that the democratic principle as applied to work will only be implemented by legislation in the face of opposition and misrepresentation.
- 5.3. As the law now stands only those with a financial interest in an enterprise have the power to use or dispose of its resources. It is now generally admitted that in advanced industrial private enterprise economies the legal owners are not in effect the actual managers, although this would be less true of Ireland, where private companies and family concerns are common. But as economies develop, and as technologies become more complex, the divorce between ownership and control becomes greater. The legal concept of a firm represents less and less the actuality of the firm in action. But the relationship of the worker to the firm has remained unchanged except for the recognition, under duress, of the organised right to negotiate and of certain limited financial rights in the event of redundancies. The law does not, in the majority of cases, reflect the community of interests that exist in any economic enterprise. Labour proposes to change existing legislation to give workers a legal stake in their employment.
- 5.4. Management structures will be obliged to conform to procedures which give the right, and create the conditions, for the appointment of managerial personnel by the democratic involvement of the workers. In most companies activity is divided into specialised units which correspond to the shop floor or office level. Management at this point is at its most immediate as regards the employee. At a higher level management is concerned with a number of specialisations in what are termed line-functions, such as production, marketing, purchasing or accounts. At a higher remove man-

agement is involved in policy and planning and takes the vital decisions that affect the overall performance and development of the enterprise. At each level different forms of accountability are appropriate. A firm democratically organised necessarily involves a worker in many different decision-making processes from the shop floor or office up to the Board Room. The necessary legislation will therefore prescribe different procedures for the different levels of decision-making.

- 5.5. At the shop floor or office level where no specific technical qualifications are required the immediate superior will be nominated by the workers. In political life the control that really matters most is that carried on at the centre but any real approach to worker democracy must be related, first and foremost, to the small scale affairs of the individual place of work and to the actual working groups which make up the enterprise. There must be real democracy at the base of the management pyramid. Responsibility, however, must go hand-in-hand with freedom and the discipline of the lower level management must be meaningful if the enterprise as a whole is to prosper. Therefore, management at this level has a further responsibility to higher authority and this will be safeguarded by restricting the scope for summary removal. These provisions are eminently workable and practicable and in fact private enterprise management theory incorporates analogous procedures, particularly in budgetary control, production scheduling, sales and marketing promotions.
- 5.6. The appointment of intermediate management obviously involves more than the workers directly involved in the sections concerned. It is at this level that company policy is actually executed on a day-to-day basis and the whole quality of the company performance is determined. For example, a bad production manager can undermine the best plans by producing an inferior product. An ineffective marketing or sales manager can bankrupt an enterprise making a superior product. Because of their crucial importance managers at this level will be appointed by top management after full consultation.
- 5.7. The Management Board will include elected representatives of all workers within the enterprise and key technical personnel. Workers at all levels will be kept informed of their firm's prospects and future, of its opportunities and its difficulties, and they will contribute to the policy-making that decides not alone the enterprise's future but also their own. Decisions relating to rationalisation, mergers, diversification, expansion, research, training, product development, costings, investment and profit distribution will come as the result of consulting with them.
- 5.8. Commercial prudence will dictate, particularly where an enterprise is meeting foreign competition, that such information is not available to all and sundry. Industrial spying exists and it is not unknown for top executives to leave a company and to bring its secrets to a competitor. Nonetheless, a wide area of discretion must normally operate in the presentation by top management of information relating to current performance and future plans. The necessary facts of commercial life will not be ignored.
- 5.9. Public accountability will be necessary in judging the performance of an enterprise because worker democracy guarantees neither infallibility nor freedom from cupidity. As outlined in the policy on Industrial Development,

each enterprise will be participating in the national development plan, which will be directive rather than indicative. This will entail the presentation of information for assessment by the public authorities. Even at present this provision is socially justifiable in view of the wide range of grants, reliefs and inducements being made available, and being availed of, by private enterprise.

- 5.10. These provisions will apply to all enterprises, not only those engaged in manufacturing, but also in marketing, commerce, insurance, services and finance.
- 5.11. The aim of this legislation will be to democratise those enterprises where the numbers engaged constitute a group big enough for a meaningful structure to be created. The legislation governing each type of economic activity will be tailor-made to the specific conditions obtaining in the industry, trade or profession involved. Flexibility of approach, combined with rigidity of principle, will be its hall-mark.
- 5.12. Labour does not wish to foist on small undertakings these statutory obligations designed for other circumstances. The work relationships in the thousands of small businesses which proliferate in the distributive and service fields will be covered by a new industrial relations code.

SECTION SIX — THE PUBLIC SECTOR

- 6.1. The public sector in Ireland employs people in the civil service, local government and semi-State bodies. It embraces almost every form of administrative and economic activity and so provides the best starting-point for introducing new forms of organisation that give full play to individual responsibility and initiative.
- 6.2. It is necessary to discount the widespread belief that State ownership automatically ushers in a more democratic form of management and control. No mere change in the relationship of an enterprise to society, such as occurred in the nationalisation of the transport companies can assure that the worker obtains a full measure of responsibility and fulfilment from work. Successive governments have been content to initiate State Companies where private enterprise failed or was unwilling to develop national resources, such as turf. They did not intend that these bodies should be organised in any way differently to the rest of the economy and in fact their managements operate in the same way as any privately-owned company. The sole criterion of success in the case of state manufacturing companies is profitability. Recently the E.S.B., which is a public service rather than a manufacturing concern, stated that it had "no mandate from the Oireachtas to organise or lead a social revolution." The sorry record of industrial relations in the majority of State concerns is proof enough of the absence or desire for any such mandate.
- 6.3. Government policy has been to appoint Directors of State Companies, Boards, Corporations and Agencies from private industry, commerce and finance. This has necessarily resulted in the same type of management control being practised in the semi-State bodies as in private enterprise. Instead of giving State concerns positive objectives to fulfil, the Government has imposed restrictive conditions on their operation, particularly

where competition with the private sector is concerned. As a result, there has been little innovation in industrial relations in the public sector and its record would be indistinguishable from private enterprise were it not so obviously bad.

- 6.4. Labour will mandate the Civil Service, Local Authorities and semi-State Bodies to restructure their internal organisations so as to introduce real worker democracy. The public sector will set the pace and provide examples of how to democratise work while at the same time maintaining efficiency in the work output.
- 6.5. The Boards of semi-State Bodies will be replaced by Management Boards representing the public interest, the workers, and where appropriate, the consumer or suppliers. The workers within each concern will elect their own representatives in contrast to present procedures. In the case of public services, such as transport and power, and certain manufacturing companies, such as sugar, turf, fertilisers and foodstuffs, the consumers will choose their representatives. Suppliers will be represented on other Boards, such as in the sugar and fertilisers concerns. It is essential that in all cases the public interest should be protected at the highest policy-making level where a balance must be struck between competing interests. The State naturally has a further interest in that it normally provides the bulk of the equity or loan capital and this must be properly safeguarded against abuse.
- 6.6. The diversity of the public sector is striking and concerns nearly every conceivable form of activity and organisation. It ranges from banking, insurance, marketing, to administration at local and national level, to manufacturing in single production units and multi-production units, to monopolies and companies competing in both the home and international markets.
- 6.7. In the preceding section an outline of the legislation governing work relationship was given. There is greater scope for advancing various forms of worker democracy in the public sector because the ownership or control is in the hands of the State or local authorities. Accordingly, provisions can be made for the swift application of democratic procedures to the immediate work place and for the involvement of workers in the higher reaches of management and policy making and these will be made by the Labour Government. Of course, the public sector is not a free agent and it receives its mandate from the proper authorities. Policy must, in the last analysis, be determined by the Government and Local Authorities and ultimately is decided by the people in elections. But the implementation and interpretation of such policy offers scope for initiative.
- 6.8. The great advantage of democratising the public sector will be the full utilisation of the great reservoir of talent currently untapped due to red tape and bureaucratic procedures.
- 6.9. Within the Civil and Local Services the work relationships can be most easily altered in those sections which execute rather than determine policy. In fact this means the great bulk of the administration apparatus of national and local government.

SECTION SEVEN — CO-OPERATIVES

- 7.1. The neglect of the co-operative movement in this country can be judged against achievements in other countries. The experience of different types of enterprises democratically controlled, yet engaged in multi-million turnovers, has been denied to us in this country and cramps our vision of the co-operative movement's potential.
- 7.2. The co-operative enterprise is a perfect setting for developing forms of worker democracy. The extension of the movement would be a significant step forward in the practice of worker democracy. Already the opportunity exists to integrate suppliers, workers and consumers into one effective unit in the agricultural co-operatives. The formation of industrial co-operatives will provide more examples of workers ownership and control being matched with efficiency.
- 7.3. Labour will actively promote the establishment of co-operatives as a milestone in worker democracy.
- 7.4. The existing law governing the co-operative movement will be altered by the introduction of new legislation which will ensure that only true co-operatives will be registered under the appropriate Acts.

SECTION EIGHT — EDUCATION

- 8.1. A massive programme of adult education is an essential complementary programme to the introduction of worker democracy. In Ireland adult education has been characterised by ineffective and inadequate facilities. But more particularly it has suffered from the defect that it bore little relationship to the actual work situation of those attending the courses and consequently was mainly confined to leisure and hobby-type classes.
- 8.2. It will be essential for the workers to understand more fully the social and economic environment in which their enterprise and the economy generally have to operate. It will also be necessary for them to get an insight into the many technical aspects of the management function, particularly in production, marketing and costing. More particularly those who are elected to Management Board level will find it necessary to undergo extensive education courses in business planning and particularly financial management.
- 8.3. Labour will establish colleges for the continued education of workers both at general and at specified levels. The experience elsewhere is that when adult education is geared towards the actual work situation, there is little or no difficulty in maintaining the interest necessary for the success of the courses. Labour will generously endow worker colleges and will incorporate them within the general education structure, as is outlined in the Party Education Policy.
- 8.4. These proposals are not a minor addendum to this policy but are a very essential part of it, indeed they are central to the ongoing process of democratisation which will be in the truest sense educational. Worker democracy

is an organic process, not a mechanical one where success is automatically achieved by the mere enactment of legislation. It is at once an individual and a social process and will demand massive support and encouragement from an efficient and comprehensive programme of education.

SECTION NINE — COMPLEMENTARY ACTION

- 9.1. Worker democracy will not be implemented in a vacuum. Its success will depend upon complementary changes being effected in other sectors of society, and particularly in social attitudes together with a shift in the focus of power in the economy. Full worker democracy will not be attained in a private enterprise economy. Even in a situation where workers have their say at all levels of an enterprise little real advance will have been made if the ultimate control of the enterprises, resources are still exclusively in the hands of a minority. Worker democracy is about power. But real power in the Irish economy to-day resides in the financial institutions whose associations with foreign finance are undeniably growing stronger. Therefore the public control of financial institutions, as set down in the Party Banking Policy, and restrictions on movement of investment funds are essential to complement the proposals in the document.
- 9.2. Since political decisions, as well as economic decisions, play a central part in the use of national resources it will require a socialist government to give effect to the principle of worker democracy.