

PLANNING FOR SELF-MANAGEMENT*

A Swedish View

*Lars-Erik KARLSSON***

In the socialist tradition there have always been two main lines when it comes to control of the economy. The first — and better known — calls for the replacement of the capital market economy by a centrally planned one controlled by the state. The second rejects the concept of central planning as a way of attaining socialism and calls instead for direct self-management by workers/producers.

Central planning in its purest form — if that is the right word — has been practised on a large scale by the Soviet Union and its East European allies. The defects of central planning are too well known to go into here and are used in capitalist countries as an argument to discredit socialism. Among the more obvious flaws are bureaucratic inefficiency, special privileges for those in control, manipulation of statistics, corruption, shortage of goods, shoddy products, colossal blunders on the planning side, lack of incentive, and poor job motivation. On top of all this, bourgeois debaters suggest that a centrally planned economy is incompatible with political democracy and human rights.

The positive features of the planned economy are less well known and less often discussed. Full employment (including the handicapped), a high priority to labour safety and occupational medicine, lack of wastage through advertising and unnecessarily expensive distribution, a fairer distribution of wealth, concentration of production on items of such vital importance to the masses as housing, basic foodstuffs, simple but practical clothing and household equipment, and really big investments in social care, culture, sport, and recreation — all of which seem to be better provided for in the centrally planned systems than in the capitalist.

The second socialist alternative, autonomy or self-management, has not been put into practice to the same extent. According to some theories it is to do with market control of production. The only country which has tried self-management on any scale is Yugoslavia, where companies are run by collective and workers' councils, which

* First published in Swedish in the book *Det Növändiga Uppbrottet* (Rabén & Sjögren, Stockholm, 1980).

** University of Luleå, Sweden.

are elected by the workers on the principle of »one man one vote.« Capital is owned collectively (but not by the state) and the activities of the workers' councils and other control bodies are regulated by a detailed constitution. Self-management is also the rule in municipalities and individual federal states.

The economy has developed at a faster pace than in other communist-controlled countries and it has been possible to maintain a fairly high degree of freedom of speech and openness of debate. All the same, it has been possible to see that the system has great weaknesses. There has been a tremendous gap between economic progress in the highly industrialized northern parts of the country and the agrarian ones in the south. Market mechanisms have resulted in competitive advertising and in consumption patterns that are very similar to those in Western Europe. There has been a failure to attain full employment (partly because of a very fast changeover from agriculture to industry) and a very large segment of the work force — some 10 per cent — works abroad. (Unemployment is estimated at about 10 per cent). Political democracy and full political freedom, as understood in the West, are not allowed. But on the other hand a relatively large part of the population is involved in the political and economic decision-making process.

ECONOMY AND DEMOCRACY

There is a tendency in Sweden to draw hasty conclusions about the connection between a country's economic and political systems. It is suggested that central economic planning cannot be reconciled with democracy because such a combination exists nowhere on earth. Bourgeois thinkers take it for granted that the only true guarantee for democracy is a privately owned market economy. Expressed in simple terms, the whole thing is supposed to appear as follows:

	Political dictatorship	Political democracy
Centrally-planned economy	1. Soviet system	2. impossible combination
Privately-owned market economy	3. Underdeveloped countries	4. Sweden and rest of Western world

If a political democracy were to introduce more central planning and wage-earner funds, etc., it would quickly switch over from category 4 to category 1, though why this should be the case is not explained.

There is a lack of clarity about what democracy means. The bourgeois view of democracy is very different, in certain key areas, from that of the social democrats. The former usually equates democracy with the existence of the multiparty system, recurring elections which are both secret and free, freedom of opinion and expressions, freedom of association, etc. But the democratic (politically

elected) decision-making bodies have their freedom of action deliberately limited to the public sector and to public legislation on citizens' (and companies') rights and duties. As many have pointed out, the bourgeois concept of democracy is formal and limited. It pays scant attention to the degree to which citizens enjoy real power to run their own lives in the society in which they live, at the place of work and where they are housed. The capacity of the well-to-do and highly educated to distort the issues and manipulate opinions is conveniently forgotten. The alienation and powerlessness of the majority in the face of the political and economic decision-making process is viewed with equanimity. A formal chance to compete for power and wealth constitutes the cornerstone of the bourgeois concept of democracy.

Some sectarians on the Left condemn political freedom of opinion and expression as bourgeois, simply because they are formal and deficient. This is to choose an easy target. Such political freedom as we enjoy is in no way bourgeois since it was fought for and won by the country's working and middle classes, against the opposition of the upperclasses and the aristocracy. It goes without saying that, without free association, a degree of freedom of speech, the right to vote, etc., we would have a much lower degree of democracy. Formal rights are a necessary condition for a real democracy based on people power but are not enough in themselves. Other requirements are equal economic power, equality of education and self-confidence, the capacity to organize oneself and articulate one's opinions, and so on. Other conditions could include a social climate in which aggressions and clashes are minimized and a certain level of tolerance has been developed.

NEGOTIATING DEMOCRACY?

Not all lack of democracy can be blamed on capitalism. East European (étatist) dictatorships without any capitalistic traits to blame nevertheless fail to exhibit any higher degree of democracy. The more open party struggles of our political system are there replaced by — on the surface — less visible struggles between different cliques — and heaven help the losers!

Flaws in our democracy can reasonably be ascribed to two factors: the centralization of political organizations on the one hand, and the fact that the political authorities are dependent on powerful pressure groups which are neither democratic in structure nor intention on the other. The interests of private capital are equated in the negotiating processes with those of popular democracy as articulated by the political parties and the trade unions. In this way genuinely democratic decision-making processes are bypassed. A typical example is when the Swedish Government took it upon itself to merge the country's three biggest steel mills to form the state-owned Swedish Steel AB (SSAB) in 1976—78. No investigation was made and Parliament was not consulted, everything being settled by direct negotiations between the state and the steelworks. The fact is that Sweden's Parliament has no law to invoke whereby it can force bankrupt com-

panies to sell out to the state cheaply. Instead, the state paid out colossal sums in order to bail out the owners of losing concerns.

There are other and better known examples. When it was decided that working life should be democratized — after interminable debate and endless investigations — the result was as follows. Instead of a proper law which exactly specified the decision-making rights of employees and the unions, we were presented with the Codetermination Act (MBL), the chief aim of which was merely to clarify the negotiating rights of the trade unions. Private capitalist power was not so much as dented by this feeble law — a guard-dog with rubber teeth. The amazing thing is that so large a segment of the trade union movement gave its backing to so spineless a piece of legislation. And by confusing negotiating rights as under the MBL Act with real decision-making powers the union and social democratic leadership shows just how far away they are from being able to grasp what industrial democracy is all about. On the political plane, democracy can never be attained by negotiations between the state (through Parliament), the Government, and big business. True democracy in the economic sphere must surely mean that political organizations collect information, conduct surveys, draw up rules, and take decisions on closures, major investments, mergers, or formal nationalization. Unions may have negotiating rights but this does not add up to real industrial democracy unless they also have real power as well. Such a system cannot result in a real transfer of power to the employees, for the simple reason that the present division of power is determined by the ownership structure and the laws that guarantee the owners their right to take the really important decisions.

SOCIAL DEMOCRACY = SOCIALISM THROUGH DEMOCRACY

If we as social democrats wish to bring about socialism by attaining a greater degree of democracy in our society then we must concentrate on strategic areas — commerce and industry and the political system (in the party, local government, the educational system, housing, etc.) — with the goal of giving citizens a bigger say in, and influence upon, the decision-making process.

A number of interesting industrial democracy projects were allowed to be conducted in certain of Sweden's state-owned companies in the early 1970s. In a few cases they were allowed to proceed without interference. The results confirmed that it is perfectly possible to achieve an almost 100 per cent participation in decision-making provided that employees are genuinely allowed to help take important decisions such as on technical changes, job organization, finance, and personnel matters. The situation at the plants in question — the Swedish Tobacco Company in Arvika and Härnösand¹ was very different in several important respects from the usual state of affairs in Swe-

dish industry, where »industrial democracy« at best means a tiny handful of elected representatives who, with the »help« of the MBL law, try to look after their fellow workers' interests. The difference consists in the degree of activation-mobilization around decision-making bodies with employees having majority decision, and not in special categories of employees or external economic factors. This activation-mobilization received a degree of political support from the then Social-Democratic Government. This also indicates that direct political support — for example in the form of clearly formulated rules on autonomy for employees — is a possible means for the creation of broad-based decision-making based on the self-management model. It should be stressed that the local union branches played a crucial role in realizing the changeover. That the *purely* union approach can be used as a complementary strategy was demonstrated at the firm of Almex.² The model from the Arvika experiment (featuring shop-floor meetings during working hours, elected departmental representatives, formal decision-making powers, elected contact men for work supervision, etc.) was applied, in slightly modified form, by an unusually active local union organization. But in the absence of much stronger legal backing than is offered by MBL, the average union branch will never be able to achieve a great deal in the industrial democracy field.

The fact that the Company Act specifies that most of the power within a company is tied to ownership of capital constitutes a serious hinder to each and every attempt to promote industrial democracy, irrespective of how actively the unions are engaged in negotiations.

If real changes are to be made along industrial democracy lines, then the local union organization must be strengthened and activated. But let us acknowledge that the main function of the trade unions today is a defensive one: to protect and if possible increase real wages, security of employment, and the job environment. When it comes to the actual control of a company, it is hardly likely that the unions can meet management owners and their specialists on equal terms. A truly offensive strategy would call for the activation-mobilization of virtually all employees in directly autonomous forms. Only then, when elections and meetings are held during working hours, when experts and managers are answerable to (and replaceable by) the employees in every department and in every company, when the legal right to take decisions on crucial economic questions is given to the employees' elected representatives, can genuine industrial democracy-self-management be gradually built up.

The Swedish debate on wage-earner funds has been very impressive when it comes to the degree of concentration of power and participation for most employees. A model which provides solely for economic power to be transferred to the present union structure and/or the present political structure is simply not credible from a democra-

¹ Karlsson, L. E. and Söderlund, J. Lägesrapport från Arvikaprojektet. Företagsdemokrati-delegationen. Stockholm 1971.

Karlsson, L. E. and Hammarström, O. Härnösandsrapporten. 1971.

² Svensson, Lennart. En fallstudie av en fackligt initierad företagsdemokrati och om den dialektiska metoden. Draft 1981. and Gardell, B. and Svensson, L. Medbestämmande och självstyre.

tic point of view. It makes no difference what union leaders and the party leaders say in the mass media, people still tend to vote according to their own experiences. It is all too easy for the non-socialists and capitalists to play upon the dissatisfaction with union bigwigs and the chasm that yawns between union representatives and the union members who elect them. If it is to attract broad-based support, any proposal for wage-earner funds must include very specific rules on the right of all employees to a say in decisions (at the place of work and during working hours) and not be based on roundabout negotiation procedures and ombudsmen, local or national politicians, etc. This is not to criticize union representatives, ombudsmen, or political figures. They do the best they can in the light of the rules of the game. What has to be re-thought is the »representative democracy« model which is highly centralized and remote from the grass roots. No matter how many deliberations are held inside the party or in the unions, and no matter how many popular campaigns are mounted, there will probably be no real increase in political or union participation unless the really concrete, practical conditions for participation in decision-making are changed.

SELF-MANAGEMENT STRATEGY

Unless this pattern of passivity and apathy is broken the labour movement will probably find itself in powerless opposition (possibly punctuated now and then by shorter periods in government, with office being won by programmes designed to win over marginal voters).^{*} The non-socialists would hold the initiative and the movement would probably be forced to lean to the right to a much greater degree than at present. If we do not wish to follow Denmark, West Germany, and Britain towards the right, we must choose a completely new strategy for a democratic socialism based of self-management.

One of the very first steps towards such a strategy could well be to start up discussions in the party and the unions on how the political and — most of all — economic democracy should be organized in the future. What should we use wage-earner and citizen funds for? How should companies be run when employees' have achieved majority ownership? How do we reconcile planning and local autonomy? What role will the unions play in a self-management system? How should the public sector be controlled? What should be the roles of the employees' elected political representatives? In what way should the banking and credit systems be modified? What role should we allow the market to play? And in what way should the state and municipal sectors be organized? These are some of the really crucial questions that have to be analyzed in the greatest detail.

Capitalism and bourgeois ideology must be attacked where they are weakest and least valid. I refer to those areas where their flaws are most obvious to the man in the street — where capitalism's wor-

^{*} The social-democrats won the election in September, 1982. Since then the total value of all shares treated on the sockmarket has trebled and the capitalist economy recovered at an increasing rate.

kings and effects offend the sense of justice and ideals of a great many people, including those who regard themselves as being quite far to the right. I refer for example to centralization within industry and construction, wastage of resources, destruction of the environment, the movement abroad of multinational companies, the introduction of methods of production that threaten employment and job content. The ineffective MBL law (when is some key figure going to acknowledge that this law is a gigantic flop?), financial crime, and the irreconcilability of shareholder control of a company and true participation by employees.

It seems clear that market forces must still be allowed to regulate various key sectors of the economy for a long time to come, but our aim should be to reduce its scope to areas that are of smaller importance to people's lives. To produce for the market in the sense that companies manufacture products that are in demand is a minor problem when there is a more equitable distribution of wealth and income. A system of planning which either results in acute shortages or else a surplus of shoddy products that nobody wants — such as in Poland — is a total catastrophe.^{*} Attempts along these lines to abolish the market would only lead to a black market on a gigantic scale, smuggling, and all kinds of fraud and cheating. But the market and planning do not cancel each other out. On the contrary, planning based on an accurate picture of real consumption needs, combined with product testing and selective taxation on consumption (in accordance with the relative importance of products) would satisfy consumers' needs far more efficiently than the capitalistic market of today. Talk about alternative production usually means production according to usefulness not according to market value. In other words, the real criterion would be product's intrinsic value rather than the extrinsic one emphasized by the marketing setup and which results in constant disappointment for the consumer. Prices of a great many products could be halved if all the tinsel, the advertising waffle, the displays, and the unnecessary stockpiling were got rid of. The service life of a great many products could be multiplied many times over, without extra cost, if only society demanded this. Production costs could be slashed if manufacture occurred in truly rational plants and if second-best products were discontinued, leaving a reduced range of superior variants. The Swedish coop group's successful launching of low-price no-name products is a promising example of what can be achieved along these lines.

It should be stressed at this point that it is not and never can be the long-term aim of the labour movement to retain all of the inefficient factories — many of them frankly unnecessary and often with appalling working conditions — or energy production units. The short-term need to defend — within the context of a capitalist system — certain places of work because their disappearance would entail the worse alternative of unemployment must never be allowed to become a defence of an inefficient, capitalistic production apparatus.

^{*} This was written before the events in Poland which lead to the total break down of public confidence in the system.

Working in a factory is not so great a privilege that we should hesitate to use technological progress to reduce the number of squalid and unhealthy workplaces to a minimum. Who would suggest today that it would be a good thing if, as in the 1930s, roughly one-third of the country's labour force should be engaged in heavy physical work within agriculture? If industrial employment could be halved from the present level of about 30 per cent of total employment (at unchanged or reduced consumption of raw material and/or energy) it would be possible to create new forms of employment of real use to society — for example, within a publicly owned, self-management service sector.

The retention of a certain type of business structure may be necessary in the short term. But the defence of every single job, no matter how squalid or unpleasant, can only result in a business system which is decrepit compared with those of other countries. Britain is in no way closer to socialism because its commercial and industrial structure is in many ways outmoded. If technological progress is going to be exploited in a way beneficial to society, it is necessary that the inevitable structural changes (if we wish to use the latest techniques) occur in a manner that is of benefit to society. This can only be brought about by means of democratically steered planning.

PLAN OR MARKET?

In reality, we are not faced with a straight choice between planning and the market. It is more a question of arriving at the very best combination of different methods for the coordination of production and consumption.

Some of the ownership combinations (control within the company) and coordination models (coordination between companies and between production and consumption) which are theoretically feasible when an economy is being formed are shown in the following table (page 23).

Worker-self-management and public ownership imply a separation between formal ownership and control. Power is based on work as a factor of production and the workers can, within certain limits, make use of the capital. It is of course difficult to draw sharp lines of demarcation between the various combination 1 to 9. Where these lines are in fact drawn depends upon which factors one has in mind. How does one define what is planned centrally or locally? It might be perfectly feasible for employment within different regions, industrial structure, major investments, energy supply, housebuilding, etc., to be coordinated centrally, while consumer goods of the more important kind are sold in a market-oriented way. It is of course a question of identifying the strategic planning factors and adapting the structure of the planning system to the desired result. A great many permutations on central and local planning, not to mention market control, are of course possible, depending on what it is intended to achieve and who holds power in society. If socialist goals are to be attained, it goes without saying that the industrial structure as a whole,

new establishment, major investments, closures, and the scope and pattern of employment, etc., should be planned. Centralization and decentralization are not mutually exclusive, since the centralization of certain factors (such as overall aims and the drawing up of rules) is often a precondition for decentralization within a company, sector, or the economy as a whole.

Coordination between companies and production and consumption	Centralized planning	Decentralized planning (with market element)	Market economy	
Ownership (control within the company)	State-control (ownership and control by state)	1 Soviet model	2 Modified Soviet models (managerial control)	3 Unlikely model
	Worker-self-management (collective, public ownership and worker control)	4 impossible model	5 The »Yugoslav Model«	6 The »pure« model for worker-self-management economy (theoretical model)
	Private capitalism (private ownership and control)	7 Full capitalist economy	8 The »Swedish Model«*	9 The small capitalist economy

In individual companies, the »ownership forms« state-control, self-management, and private capitalism, are mutually exclusive, on the assumption that ownership is understood to be the factor which confers full power to make crucial decisions on investments, products, volume of production, and prices. The state can have certain types of supervision-control under a system with self-management or

* There are certain problems where to place Sweden in this scheme, as its economy is rather »mixed«.

private capitalism. But when we try to distinguish between state-control and self-management we must pay heed to who it is who makes the crucial financial decisions. The whole concept of self-management is, after all, to do with the abolition of capitalist exploitation and to bring about decentralization and involve everybody in the decision-making process.

In recent years the strictly centralized planning model used in the Soviet Union and Eastern Europe (model 1) has been increasingly modified and managers have — within certain areas and inside certain limits — been given more freedom to take decisions on production and investments, as in model 2.

A combination of state-control and the market economy (model 3) is a very unlikely one. In theory, it might consist of formal state ownership, with local control being exercised by a management appointed by the state and free to act in the same way as private capitalists. Sweden's nationalized industries might be said to belong to this highly unlikely phenomenon. From society's viewpoint, there is no justification for such a model. The existence of such companies within the framework of a capitalistic market economy is of course due to the need to socialize the losses of private capitalism and, in certain situations, to safeguard employment. But if the state were to assume formal ownership of a majority of companies it would be unreasonable not to introduce a strong element of planning and/or self-management. Centralized planning and self-management as in model 4 would appear to be an impossible model. Companies simply cannot be controlled simultaneously by a central planning body and employees. In some Eastern European countries it is claimed that centralized planning actually adds up to workers' autonomy in its purest form. At a conference held in Yugoslavia in the autumn of 1978 a Rumanian economist presented a paper which provided a detailed description of the centralized planning system under the title «Workers' Self-Management in Rumania». Needless to say, he found it very hard going to explain to the other delegates exactly what form this self-management took! A more credible definition says that economic self-management consists of a system under which local worker collectives are enabled, by means of decentralized decision-making, to take the most crucial economic decisions themselves. The Yugoslavian model (model 5) has already been dealt with. In practice, it contains elements of both models 5 and 6. The «pure» self-management model (model 6) is a theoretical economic model developed by the economists Ward, Domar, Vanek, Horvat, etc. It has never been applied on a large scale and seems unlikely to be in the future.*

If workers, in a transition from capitalism, take over ownership and control there will be a very strong need for coordination and planning if they are to avert too many of those defects that are inherent in the capitalist system from being retained. The pure market model for self-management is based on the assumption that the wor-

* One of the presumptions in the original model was maximization of the wage-level. This was modified by Horvat into a more complicated goal-function in «Self-Governing Socialism» by Horvat, Marković and Supek.

ker collective does its best to attain the highest possible income per employee (at the expense, of course, of other workers, consumers, and society as a whole). The risk is that such a system would become a kind of collectivist capitalism in which market relations between people would be retained. Worker chauvinism and consumer chauvinism would remain, as under private capitalism, likewise the need to «sell» oneself and one's working skills in competition with others on the labour market. An unregulated form of this type of economy could easily result in wide disparities in incomes and living standards between one company and another and between one region and another. The most productive workers, for example, could join forces to form a «super-efficient» company against which less effective firms would stand no chance. This model has occasionally, and partially, been tested in Yugoslavia, where it emerged that workers in the most productive companies, and in the most developed federal states, could earn more than ten times as much as workers in the least productive ones (in the underdeveloped regions).

The period of economic liberalism in the 1960s led to strong «centrifugal» tendencies in the economy, as a result of which the efficient and expansive industries made great headway at the expense of the weaker companies. There was an increase in unemployment and power within companies was transferred from workers' councils to management and experts. Unevenness in the degree of regional development increased. For these reasons economic market liberalism was abandoned in the early 1970s and a new system featuring «voluntary» planning was created instead. Every «economic basic organization» (usually 100—200 workers) is now responsible for drawing up plans for production and labour power, volume of investments, prices, etc. These plans must be synchronized with those of other economic units within the same «company».* All plans are then modified and adjusted at sectoral and federal state level in accordance with the economic guidelines regarding investment volume, manpower, supply of raw materials, etc., which have been worked out by the states' central planning organizations. Should all the companies within a given sector plan to increase production without having sufficient manpower or raw materials to do so, their plans must of course undergo revision and the planning process goes back a step. Once the plans for the coming year have been finalized and adjusted, they are confirmed in the form of a contract between the economic basic organizations, between the companies and the different sectors.³

The «Yugoslavian Model» indicated by Model 5 is based on the assumption that the purely business economics and collective economic goals at company level are very susceptible to modification by other social goals. It also assumes a high degree of ideological consciousness among the workers concerning the need to subordinate the self-interest of the individual or small group to the overriding goals and priorities of society as a whole. Production for utility value

* The Yugoslavian definition of a company is different from here in the West, as external ownership is not a feature.

³ Rus, V., *Liberation of Work. Yugoslav experience*. Stockholm 1976.

instead of market value, a strong demand for fair and full employment instead of competition on the labour market, and priority to job environment and socio-cultural needs in working life. Such an economy is probably only feasible in highly developed countries, where basic material needs are already satisfied.⁴

Managerial influence will remain relatively strong so long as business efficiency goals continue to dominate within worker control. In Yugoslavia, the extra stress given to the planning system — a step taken after extensive discussions, at union and political level — was intended, together with decentralized autonomy at lower levels (economic basic organization), to strengthen the workers' situation within companies. This reduced the capacity of management to run companies along purely business efficiency lines and served to reduce competition between companies but to increase collaboration. *If real self-management is desired, it seems that essential preconditions are coordinated planning, a devolution of power to local councils, and a strengthening of the unions' role in the decision-making process.*

It may seem to be a paradox that unions should be necessary in a system which is controlled by worker collectives. But an understanding of the need for independent union organizations has grown up at the same time as it has been found necessary to admit that autonomy (with the retention of division of labour between workers and professional management) in no way means that all conflict of interests disappears. Conflicts between groups of workers who prefer short-term gains and those who want to consolidate the company for the future, between the high-paid and low-paid, between workers in different departments, etc., are among the types of conflict that do not automatically solve themselves in a self-management system. The increasingly important role of the unions has resulted in personal incomes being less dependent on the economic performance of the individual company. It is also important that the unions' role in a self-system should also be to promote ideological unity. The union must make sure that rules on personnel policy, environment, organization, etc., are observed. It should play an especially big role with regard to the election of representatives.

INTERNATIONAL RESEARCH ON WORKER PARTICIPATION

The notion that true self-management calls for coordinated planning has received strong support from recent (1978) international research in the field of worker participation.⁵ An extensive comparative study was made of the division of power in 134 companies in 12 countries (Yugoslavia, Israel, and 10 European countries including Sweden).

One of the many highly interesting results of the investigation was the finding that *workers and their organizations enjoyed a higher*

⁴ Horvat, B. in *Work and power* edited by Bunns, T. Karlsson, L. E. and Rus, V., SAGE 1980.

⁵ The IDE (Industrial Democracy in Europe)-project. 1981. Oxford University Press.

degree of influence when those around the company (authorities and political bodies) also had a great deal of influence. This applied particularly to the more long-term decisions such as those on investments, new products, appointments of managers, etc. Control of a company chiefly consists in having the power to appoint people to the top jobs and to make the crucial financial decisions (something which even the most ordinary capitalist is very well aware of).

The researchers, on the basis of their very thorough studies, came to the conclusion that the more open a company is to the democratic forces around it in society, the more balanced is the division of power within it. The crucial factor when it came to the degree of worker participation, both directly and through their organizations, was the level of the employees' activation-mobilization via unions and elected decision-making bodies with a workers' majority. This factor was responsible for more than half of all differences found in worker participation. Closer analysis showed that *union activities were less effective than formal decision-making powers exercised via elected bodies such as workers' councils.*

In short, the degree of worker participation was to a large extent dependent on the following factors:

- that the company is open to influence from authorities and political bodies in the company's surroundings;
- that the company has a stable political and market situation;
- the production is relatively complex and not too highly automated;
- that workers on representative bodies are highly qualified;
- that the company organization is divided into different functions in specialized departments (decentralization);
- that there is a high degree of activation-mobilization of employees in representative bodies with formal decision-making powers (a factor that is as important as all the others put together).

The division of power is mainly determined by the company's socio-political and institutional environment and not by such factors as «the level of development of the productive forces» as some deterministic Marxists would like to believe. All of these results argue for a rejection of the theoretical model «market-oriented self-management» as indicated in Model 6. And they seem to point towards a model for self-management which features highly regulated forms of worker participation (laws, etc.); production concentrated to efficient units, which, when feasible, have a dominant position on the market (consumers' influence over choice of product, quality, and price, must be guaranteed by suitable organizations); and automation that eliminates all heavy and tedious work tasks and replaces them with more complicated-advanced products and production methods (for all employees who so wish). Full opportunities must be given to employees to obtain the necessary qualifications to serve on decision-making bodies and specialization-decentralization, which calls for a high degree of communication-coordination, should be introduced into

the company organization. Most important of all, the legal base and the measures listed above must be supported by a broad activation-mobilization at union level on the part of the employees.

A model for self-management which fills the above requirements must include a strong planning element. This is in order to create a stable market situation for the company while at the same time preventing the employees, who will obtain something of a monopoly situation, from using this to make monopolistic profits. Planning should be based on guidelines worked out within each company (and company departments) and should take the form, so far as possible, of voluntary agreements between firms within the same sector within the framework of centrally established economic guidelines. Wages and salaries should not be decided (as in the market-orient self-management model) on the basis of the individual company's capacity but should instead be arrived at through negotiations between the unions and the organizations which administer collectively-owned capital (wage-earner and citizens' funds) on society's behalf.

A WORKABLE PROPOSAL?

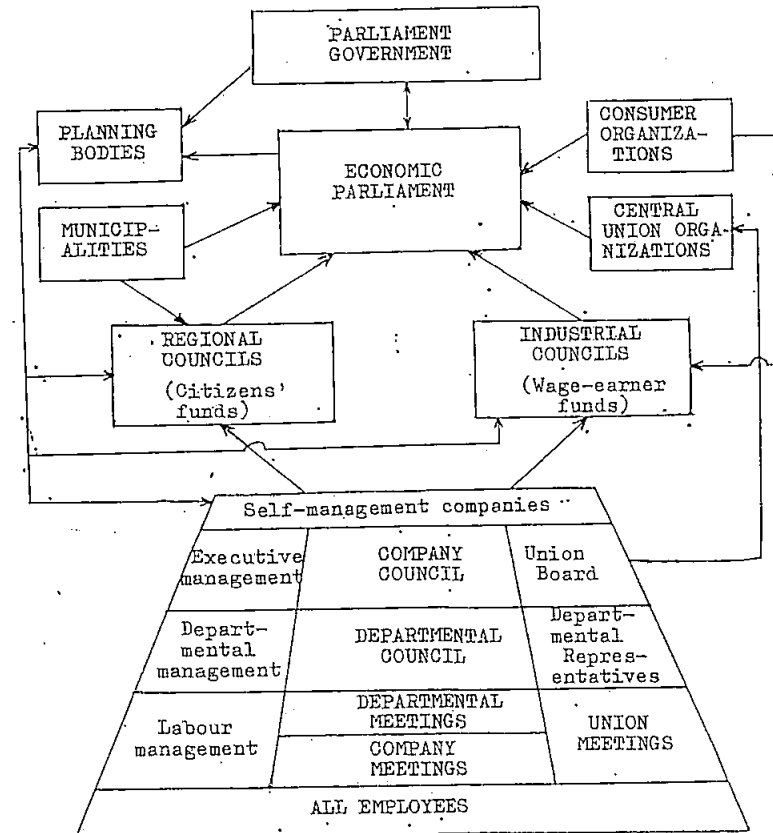
To describe a possible model for a self-management system with a strong planning element is not something that can be done briefly. A few diagrams which might serve as starting point for further discussion are, however, presented below. It should be strongly emphasized that a Swedish model for self-management should never be a carbon copy of one in Yugoslavia, for example, which has a completely different history. We must build our own system on the basis of our own traditions and criteria. We must also strongly underline the need for all to participate directly at every place of work, the need for preserving and increasing our political democracy, the importance of non-economic factors in production, full employment, a truly solidanic income policy, and the value of variety and diversity in forms of production.

We can expect power-influence to be divided between three separate but cooperating structures within every company, large or medium-sized;

1. The elected council structure (company council, departmental council, departmental meetings, etc.), with the task of protecting employees' producer interests;
2. The executive structure, consisting of specially appointed managers, etc., which would implement the decisions of the council structure;
3. The union structure, the function of which is to protect the interests of employees as wage-earners and to work for ideological unity.

Above company level are the trade associations and the regional organizations, mainly controlled by representatives of the employees (from the elected structure in the company). The regional organiza-

tions will include representatives of the municipalities while consumer representatives will sit on the trade associations. These bodies will administer the citizens' and wage-earner funds in their capacity as formal owners. The trade associations have special departments in charge of negotiations with the central union organizations on wages, personnel policy, fringe benefits, job environment questions, and so on. It would be useful if the trade associations were to have some sort of joint national organization able to reach agreement with the unions at national level. The democratically representative character of the council structure is of course strong. In addition to our present Parliament, which would of course retain its legislative and taxation functions, we could perhaps create a special economic parliament. It is not realistic to suppose that today's Parliament would also have time to deal with industrial and economic questions on any real scale. The economic parliament would include representatives not only of employees but also of the unions, municipalities, and consumers. The credit system should be made subordinate to this parlia-



ment in a suitable way, likewise any citizens' and wage-earner funds. Central planning organizations would come below the Parliament and the economic parliament. The highest decision-making body in the country would be, as it is now, the Parliament, which would of course still be based on the multi-party system. The functions of the economic parliament, the central planning organizations, the trade councils, and the regional, company, and departmental councils would be the same as those now performed by shareholders and their managers and organizations. Undemocratic control exercised by small, irremovable groups of capitalists would be replaced by control by elected representatives of the employees, who would be replaced after a certain period and liable to dismissal if they failed to follow the instructions of those who elected them.

The unions would retain their negotiating functions in this type of system but would instead negotiate with the trade associations controlled by other elected representatives of employees and consumers. This would be an acknowledgement that the workers have at least two different sorts of interest — producers interest and wage-earner interest.*

The producer interest implies that the workers have an interest in production at their factory — and at all other factories — being run efficiently, that capital in the wage-earner funds bears interest and that industry can be expanded and restructured as necessary, that the company can consolidate itself, etc. Wage-earner interest means that the workers have an interest in a good job environment, a fair personnel policy, a reasonable working pace, a pleasant social climate at work, and a decent income. According to some self-management theories (including the anarcho-syndicalist version and the »pure model for worker-managed economy«) it has not been acknowledged that a certain degree of conflict will arise between the workers' producer and wage-earner interests. Such a theory is based upon the unrealistic notion of a total harmony of interests that can only be attained through autonomy. But practical experience has shown that elected councils are often capable, when under heavy pressure from the executive structure, of neglecting the wage-earner interest, with the possible exception of wages. However, maximum personal incomes would not be the main wage-earner interest in a truly socialistic self-management. Priority would instead go to the attainment of a just wage structure, a balancing of wages and investment in the job environment, help to people with reduced working capacity, shorter working hours, and so on. The degree of conflict between the negotiating parties would inevitably be lower than it is within capitalism. But it should be possible for dissatisfied groups, as and when necessary, to resort to strike action in order to obtain higher wages (higher prices for their products), within set limits, and at the expense of other, more favoured groups.

* In many respects the »producer interest« represents the workers' long-term interest and — to a greater degree than the »wage-earner interest« coincides with the interests of society as a whole.

An expansion of the wage-earner fund system, under which wage-earners obtain majority ownership, means that the workers will themselves in one way or another assume a greater share of the risks involved in business. It is not entirely reasonable to tie wages to results in every individual company. Certain financial incentives (bonuses, for example) could be considered, but the negotiating machinery must set minimum and maximum wages. The workers in each company would »rent« capital from the bodies that administer the funds at a politically fixed interest rate. Any surplus that accrues, even when maximum wages are paid, would be transferred to the funds. Companies must also have their own funds (investment funds, reserve funds, etc.), which, as well as financing investments, could also be used to pay wages whenever incomes are reduced for one reason or another. Trade and regional funds could also contribute certain sums in such situations. If a company runs at a big loss over a long period it could be placed under the direct control of the funds for a certain period, and either reconstructed or closed down. The establishment of new companies should to a large extent be supervised by trade and regional funds or, in the case of really big projects, by the central funds and planning organizations. Workers with really good ideas for products should be able to apply for capital from the funds in order to be able to start up a new company. Renewal and creativity must be given plenty of scope within the system.

The »worker cooperative« model, in which ownership consists in private holdings tied to the respective companies, should be looked upon as a temporary, transitional form within the capitalist framework. Certain of the advantages of self-management can be attained. But the drawback to this type of company is that the workers not only risk their jobs but also their own money. It has a petit-bourgeois element (the wish for personal enrichment and the problem of finding new workers when they need to have a high stake to invest) and has no real future as a general socialistic model. But it could conceivably co-exist with worker-controlled and fund-owned companies on a small scale. Small private companies with a limited number of employees should also be permitted. Special rules governing the transition to self-management with growing size must also be worked out.

A number of problems will arise when the introduction of this type of model is contemplated.* A vital prerequisite of success is that any decisions on the creation of wage-earner funds and self-management systems should be made on the basis of the greatest possible political unity. Let us assume that it is possible to build up wage-earner and citizen funds in a gradual way, yet at a sufficiently fast pace that, within only 10—15 years, most of the larger companies are no longer dominated by private capital. As the wage-earner and citizen capital grows, the companies' boards can be reinforced with representatives elected on the shop floor. The old representatives of the owners will in this way be able gradually to get used to slow

* Unfortunately, lack of space does not permit a more detailed examination of the transition from capitalism to socialistic self-management which will certainly involve many problems.

changeover in the balance of power and need not feel threatened with removal.* Their technical expertise and foreign contacts can also be made use of, while the private owners (who should of course receive some sort of return on their investment) will give certain guarantees that companies are run in an efficient way. When the employees have achieved majority ownership the time will be ripe for them to assume the post of chairman (boards should be re-named company councils in order to underline the changeover to a new system) and the right to remove or appoint executives can be utilized as and when necessary. Special problems will be met with during a transitional period. Genuine worker control will imply that power within companies will be based on the principle of one worker one vote. To assume power through a takeover of ownership would mean that one would be acting in accordance with the rules of the capitalist game (maximization of profits). The takeover of power via ownership must therefore be complemented by a legal advancement of the employees' position. The MBL Act must be replaced by laws which directly regulate workers' self-determination in the job organization via departmental councils, for example, or shop floor meetings. A takeover of ownership will also mean that the capitalistic profit motive is replaced by other goals. An alternative type of civic and wage-earner oriented business theory must therefore be formulated. Steps must be taken to ensure that the growth of the wage-earner funds does not lead to a growth in private profits. The funds must therefore be financed by means of a production factor fee which is based both on wage levels and the value of the capital. The citizens' funds can with advantage be taken out via profit-sharing. This would allow surplus profits to be cut without this making it necessary to create a link between the demand for increased profits and a need for an increase in wage-earner capital.

Clearly, any description of a self-management system with a strong planning element calls for attention to be paid to quite a lot of factors. A growing number of variable factors will mean that the possible permutations are soon incredibly numerous. Capitalism, on the other hand, is mostly all about »profit maximization«, which has all kinds of secondary effects in such areas as technology, job organization, culture, and society. Without adopting the more simplistic Marxist attitude (according to the »capital logicians«, technology and job organization are *exclusively* decided by the profit maximization motive in companies), it remains a fact that the possible variations vis-à-vis the power structure and the design of workplaces are strictly limited. The abolition of capitalism will mean the liberation of people from a machinery that forces them into conformity. The way will be opened to undreamed-of possibilities for human development and emancipation through personal involvement in democratic decision-making — which will be a prerequisite for true socialism. It is not up to the union and social-democratic leaders or various experts to

* This argument rests on the assumption that »the capitalist cat will sit still when we try to cut one centimeter of its tail every year«. As later developments in 1983 has shown this is very unlikely.

design a system in detail and then sell it to members of the movement and to voters. What is needed instead is that several hundred thousand party members and unionists work actively with the question for a year or two in study circles. Only then should general guidelines be drawn up and a positive plan of action launched. The actions of the party leadership have during the years 1979—83 been markedly bewildering. First they participated in a government commission asked to investigate the question of »wage-earners funds.« Then, when this commission broke down in general disagreement, they formulated a proposition based on the idea that regional funds should purchase stock on the market and that no companies should be obliged to sell to the funds. This proposition has few traits resembling the original one presented by Rudolf Meidner et al. in 1975. The employers' organizations intensify their campaigns against all types of wage-earner funds as the social democrats constantly retreat.

We need a positive policy by which members demands are expressed in a practical action programme. In this respect, there is little room for compromise. The time is ripe to go on the offensive and initiate the decisive struggle for a noncapitalist society characterized by direct self-determination on the part of citizens and wage-earners. We should succeed in creating such a society before the turn of the century, if we can only harness the creative power, that desire for renewal, that is within the movement's hundreds of thousands of active members.

Received: 26.09.1983

Revised: 6.10.1983

SAMOUPRAVNO PLANIRANJE

Lars-Erik KARLSSON

Rezime

U radu se široko razmatraju neki problemi povezani sa potrebom planiranja u sistemu radničkog samoupravljanja. Polazna tačka je klasična socijalistička diskusija između zagovornika centralnog planiranja i onih koji zastupaju tržišnu kontrolu proizvodnje i potrošnje. U žiži diskusije se takođe nalaze švedske političke i ekonomske prilike. (Rad je prvobitno pisan kao prilog knjizi: DET NÖDVÄNDIGA UPPBROTET — NEOPHODAN PROBOJ, koju su objavili izdavači socijal-demokratskog »levičarskog« časopisa »Socialistisk Forum«.) Nedostatak demokratije u društvu ne može se u celosti pripisati kapitalizmu. Centralizacija u političkim organizacijama i nedostatak participacije masa u svim sferama društva mogu biti podjednako važno objašnjenje. U Švedskoj postoje centralizovani politički procesi u saglasnosti sa kapitalističkom privredom, koja je možda naj-

*This was a commission set up by the then liberal government in 1978.

centralizovanija od svih poznatih (sudeći po koncentraciji vlasništva i ekonomske moći). Pogađanje između vlade i predstavnika privatnog kapitala kritikovano je isto toliko koliko i nedovoljne mere preduzeća da se poveća radničko saodlučivanje. Švedski sindikalni pokret se zalaže u velikoj meri za proširenje prava pogađanja lokalnih sindikata, koji organizovani kao »klubovi« deluju u većini preduzeća. Sindikalno članstvo čini obično 90—99%, mada stvarno učešće u klubovima retko prelazi 10% zaposlenih. Opsežno istraživanje Zakona o saodlučivanju, MBL, koji je stupio na snagu 1977. godine pokazalo je nedostatak rezultata u naporima da se poveća uticaj zaposlenih.

Pomenuto je nekoliko primera ovakvih iskustava u Švedskoj, a u nekima od njih početkom sedamdesetih godina učestvovao je i sam autor u svojstvu istraživača. On zaključuje da bi »istinski ofanzivna strategija zahtevala aktivizaciju i mobilizaciju praktično svih zaposlenih u direktno autonomnim oblicima. Samo ukoliko se izbori i sastanci održavaju u toku radnog vremena, kada su stručnjaci i upravljačka struktura odgovorni zaposlenima (mogu biti i zamenjeni od njih) u svakom odeljenju i u svakoj kompaniji, kada je legalno pravo donošenja odluka o krucijalnim ekonomskim pitanjima dato izabranim predstavnicima zaposlenih, može da se postepeno izgrađuje pravo industrijsko demokratsko samoupravljanje.

Umesto široko diskutovanih »fondova plata«, koji su suviše pripisivani postojećoj centralizovanoj političkoj i sindikalnoj strukturi, predlaže se široko zasnovana struktura direktnog predstavljanja. Ova »treća« struktura zastupanja »produkcionog interesa« radnih masa izložena je u trećem delu rada. Pre razvijanja ovog predloga, u radu se tretira potreba kombinovanja planiranja, lokalnog i centralnog, sa tržišnim oblicima koordiniranja proizvodnje i potrošnje. Analizirajući problem dvodimenzionalno: 1. stepena planiranja nasuprot koordiniranju tržišta i 2. oblika svojine — kao što su državno upravljanje, radničko samoupravljanje i privatni kapitalizam, autor tretira kroz deset mogućih i nemogućih kombinacija (neke od njih su samo sumarno spomenute). Često tržišni odnosi, kombinovani sa radničkim upravljanjem, mogu da budu posmatrani samo kao teoretski model koji ima malo šanse da preživi test ekonomske prakse. »Ako radnici, u prelasku iz kapitalizma, preuzmu vlasništvo i upravljanje, biće veoma potrebna koordinacija i planiranje da bi se otklonili toliki nedostaci koji su prisutni u kapitalističkom sistemu.« Nakon diskusije o jugoslovenskom iskustvu autor zaključuje: »Ako se zaista želi pravo samoupravljanje izgleda da je bitan uslov koordinirano planiranje, prenošenje vlasti na lokalne savete i jačanje uloge sindikata u sistemu odlučivanja.« Ovaj argument je podržan i rezultatima široke komparative sudije o industrijskoj demokratiji u Evropi. Ovo istraživanje je pokazalo da su kombinacija uticaja javnosti na kompanije, mobilizacija radnika i jasno pravno izražena podrška samoupravljanju bitni faktori koji doprinose radničkoj participaciji i uticaju. Na kraju autor razvija komplikovanu šemu industrijske i ekonomske demokratije, nastojeći da kombinuje planiranje i tržište, političku i ekonomsku demokratiju kao i oblike neposredne demokratije i uticaj sindikata. Da li je to životni sistem ili samo nešto komplikovanija utopistička vizija u duhu »Guild-socijalizma«?

DEBT ANALYSIS AND DEBT-RELATED ISSUES THE CASE OF YUGOSLAVIA*

Michèle LEDIC**

I. INTRODUCTION

Despite an impressive economic performance in the period since 1960, Yugoslavia is now facing a severe debt problem. In this, it is by no means alone. A large number of countries, at various stages of development, accumulated large external debts during the 1970s. External indebtedness has emerged as one of the major topics in analysis of the international economy. One of the reasons for the rapid growth of international debts during the 1970s lies in the oil-price shocks of 1973 and 1979, together with their consequence for international trade and payments, and also for inflation.

Yugoslavia's debt problems are severe, although, as will be seen, they are less severe than those of some N.I.C. This paper attempts to evaluate the past debt experience of Yugoslavia to determine whether the Yugoslav problem is one of liquidity or solvency. Projections of external debt and debt service till 1990 are given, and the consequences of present debt renegotiation for future borrowing are discussed.

II. EXTERNAL INDEBTEDNESS AS AN INTEGRAL PART OF THE DEVELOPMENT PROCESS

As countries undergo economic development and industrialization, external resources can play an important role in the process of capital formation. In principle, economic development can take place in the absence of international borrowing, but in the early stages of development the domestic resource base is likely to be small. International borrowing increases the resources available by providing savings additional to those generated internally. The growth of exter-

* This paper is a revised version of one written while I was temporarily at the World Bank, Economic Analysis and Projections Department. The views expressed in the paper are my own and should not be attributed to the World Bank. I am indebted to David McMurray and Manuel Trucco for their assistance, and to Nicholas Hope, Bahram Nowzad and James Riedel for comments on a preliminary draft. I am also grateful to Branko Horvat for his comments.

** Faculty of Economics, University of Zagreb.