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Rethinking Industrial Democracy

Abstract:

Since the inter-war years, when the classic concepts on Industrial Democracy were written – among others the contributions by G.D.H. Cole, Otto Bauer and Fritz Naphtali – Industrial Democracy or as it is called in the German-speaking countries “Wirtschaftsdemokratie” (economic democracy) has been at the core of the long-term aims of Social Democracy. It is perhaps the most important feature of a democratic-socialist “third way” between “real-existing socialism” failed in 1989 and capitalism that is increasingly losing its inner social correctives since about the same time. The aim of the paper is to point at the striking relevance of the fundamental contradiction between political democracy at the level of the nation state and the authoritarian character of the capitalist corporations today. The paper gives a historical overview on the discussions on Industrial Democracy and argues that the defensive position in which Social Democracy seems trapped as well as the crisis of the Welfare State since the beginning of the neo-liberal counter-offensive in the 1980s is linked to the failure of the last ambitious attempts to realise Industrial Democracy – the most instructive example being the Swedish wage earner funds – at the same time. The paper argues that an actualisation of concepts aiming at democratising the economy could profit from the contemporary discourses on “Associative Democracy” and “Corporate Governance”, as well as on alternative forms of economy. New strategies for democratising the economy avoid the basic “blind spots” (e.g. environmental-, consumer- and gender-issues) of the past discussions and should always depart from the actual struggles of the labour movement instead of being mere theoretical constructions. Finally the paper briefly reflects possibilities of trans-national forms of Industrial Democracy.

Some starting points for a new reflection on Industrial Democracy

„More capitalism’ or ,economic democracy’ are (...) the signposts at the crossroads where the Swedes will have to make a choice during the 1980s”, the Swedish political scientist Walter Korpi wrote in 1983 (3). Today we know only too well where the journey went, not only in the stronghold of Social Democracy in the North: Everywhere in Europe the democratic-socialist left was driven back into defensive positions during the 1980s and 1990s and in the short-lived revival of a centre-left governments at the end of the 1990s most of them not even tried to stop the trend towards “more capitalism” let alone develop ambitions towards “economic democracy”.

In purely defensive struggles trade unions however were often quite successful. Here my own country Switzerland – who is despite the smiliar sounding name and the common conviction to neutrality contrarily to Sweden far from being a social democratic stronghold – offers some striking examples as the defeat in referendum votes of neo-liberal attempts to deregulate labour legislation in 1996, the electricity utility sector in

2002 and 1st pillar of the old age pension in 2004. It is part of the tragedy of the contemporary Social Democracy that it is not able or perhaps in some cases also not willing to transform these successes of its historical partner in the labour movement into new strategies for a social democratic change in the economical and social relations. The successful referendum against utility de-regulation in particular was for the left wing of the Social Democratic Party of Switzerland an important occasion to start a reconsideration of the concepts of Industrial Democracy¹: Obviously the defence of public services proves to be a popular issue – in contradiction to everything mainstream opinion-leaders (also inside the left) say. But to avoid that this defence can be all too easily be stigmatized as being nostalgic and bureaucratic it has to be taken as a starting-point for a new forward move in which Industrial Democracy plays a central role. Even the strongest defensive successes of labour have but a limited effect when the it does not succeed in breaking the trend towards „more capitalism“ forecasted by Korpi. Studying the history of socialist and democratic conception is an important condition for their actualisation and relaunch.

I am a historian and therefore this paper has a historical approach. It shall evaluate some of the more important projects of Industrial Democracy in the past.

Its focus is on projects in highly developed capitalist states with a democratic constitution. Approaches from oppositional and reform-minded forces in the former regimes ruled by the communist parties (e.g. the Yugoslav system of self-management or the reforms during the “Prague Spring”) could not be taken into consideration in elaborating this paper and neither approaches coming from what used to be called the “Third World”.

From Political to Social Democracy

The notion of Industrial Democracy was probably first used in 1897 by Beatrice and Sidney Webb in their book „Industrial Democracy“ (Vilmar 2002, 41).

Fritz Naphtali has argued that it was not a mere “coincidence in the development of ideas” that the notion of Industrial Democracy only got „a bigger actual significance“ after World War I because “the idea of economic democracy could only then come into living

¹ Some of the documents of this discussion can be downloaded (in German and French) on: .

in a nation when labour in this country already had a certain amount of experience with *Political Democracy*“ (Naphtali 1977, 22 ff). The early labour movement – and even Marx and Engels in the Communist Manifesto – took for granted that political democracy would immediately lead to working class rule. Only after the labour movement had more experiences with political democracy – and in most countries this was only the case after World War I – it became clear that bourgeois rule could also persist in a democratic state.

In Switzerland where universal (male) suffrage existed on a national level already since 1848 Albert Steck, one of the founders of the Social Democratic Party grasped this problematic earlier: „We want (...) Social Democracy which (...) is also including Political Democracy as one of its essential parts. Social Democracy is the complete people’s rule and can only be achieved through the rule of the people over the nation’s means of production also.“²

It this basic thesis we become aware where the most striking relevance of Industrial Democracy lies: I argue that there is no real Social Democracy – thus literally a movement struggling for democratising the whole society – possible without industrial or economic democracy. Democratising the economy is inseparably linked to preserving and sustaining the welfare state. It is therefore no mere coincidence that the failure of the last serious attempts to democratise the economy in the 1970 and 1980s has also led to a reactionary counter-offensive against Keynesianism and the welfare state and that even inside the social democratic parties social-liberal tendencies could develop that not only discarded the aim of a democratic-socialist transformation of society but with it also a credible and consistent position in favour of the historical achievements of the labour movement. Moreover, Industrial and thus Social Democracy is also necessary for sustaining Political Democracy. Again this seems to be even more evident today than it was 100 years ago, when we think of the loss of sovereignty of the national state as the main space of Political Democracy in the process of globalisation but also when we think of the threat economical power-concentration (e.g. the one of Berlusconi in Italy) can be for a democratic political culture.

² Wir wollen die Sozialdemokratie und diese ist nichts anderes als die soziale Demokratie, welche (...) auch die *politische* Demokratie in sich schliesst und zum wesentlichen Bestandtheile hat. Die soziale Demokratie ist die vollständige Volksherrschaft“, die „nur erreicht werden (kann) durch die Herrschaft des Volkes auch über die Produktionsmittel seines Landes“ (Steck 1890).

Democratisation has to take place on different levels of economy and society. The measures used in a democratisation strategy are diverse. The following systematic sketch freely based on the reflections of Fritz Vilmar (2002) shall give an overview on this multi-level and multi-measure approach:

Level	Elements (examples)
Micro (shop floor)	Humanisation of Work Individual labour rights Civil and human rights at the workplace Social security as a condition for real participation
Meso (corporation, industry)	Collective Bargaining Control of corporate power (e.g. through Socialisation) Control of investments
Macro (political economy on the regional, national, international level)	Democratic Economic policy Planning Sustainable economy

The Debate on Socialisation after World War I

In the time after World War I and the Russian, German and Austrian revolutions the discussion on Industrial Democracy experienced its first heyday. Reasons for this were the reflections on the possibility of retaining institutions of the war economy for peaceful purposes instead of going back to “free enterprise” and more importantly the pressure of

the revolutionary council movement in eastern and central Europe but also a more militant form of trade unionism in the Entente and neutral countries. In many states expert commissions studying the matter of socialisation were established. The German „Industrial Constitution Act“ (Betriebsverfassungsgesetz) has its origins in this time (Bontrup 2004). To a degree often ignored the German and Austrian Discussions on Industrial Democracy were inspired by British „Guild Socialism“ as propagated in the works of G.D.H. Cole and Harold Laski. Guild Socialism for the first time explicitly made the distinction between „Industrial Democracy“ and thus genuine socialisation of the means of production – to mere nationalisation (management by the state bureaucracy as later realised in the Soviet Union) but also to a syndicalisation in the sense of a takeover of enterprises by the workers. Guild Socialism notably stressed the importance of consumer representation (Hirst 1994, 101-110), which it saw as a “natural” task of the state. While the state as a representative of consumers should own the socialised industries they should be run by industrial unions transformed into a new form of “guilds” and thus workers’ control of products and productions be established, the wage system abolished (Cole 1921). As Rudolf Hilferding argued in his foreword for a German translation of Cole’s book “Industrial Self-Government” (ibid, p. IV-IX), Guild Socialism offered therefore a synthesis between the syndicalism of the French trade unions and the American IWW and the collectivist approaches of the Fabians and also Kautsky in his 1902 book “Social Revolution”. In the words of Otto Bauer “Guild Socialism transmitted the historical experience of English democracy” and its characteristic system of local self-government “from the political to the social area”.³ The „austro-marxist“ Otto Bauer, after the Austrian revolution in 1918/19 for a short time Austrian minister for foreign affairs and socialisation, developed his own socialisation concepts on an adaptation of Guild Socialism. Industrial Democracy and not dictatorship of councils was conceived by Bauer as the way to socialism adapted to the West. (Bauer 1920:, 328 ff). Bauer also rejected state-management of industry because he feared that this would lead to an amount of executive power dangerous to any democracy. Not „nationalisation“ („Verstaatlichung“) but „socialisation“ („Vergesellschaftung“) therefore was the socialist demand. Bauer saw an important role for an institution which is also in the focus of today’s Corporate

„Der Gildensozialismus überträgt die geschichtliche Erfahrung der englischen Demokratie vom politischen auf das soziale Gebiet. (...) Wie die politische Demokratie auf dem *selfgovernment*, der Selbstregierung der Städte und Grafschaften, beruht, so müsse die wirtschaftliche Demokratie auf das *selfgovernment* der einzelnen Industriezweige und Betriebe gegründet werden.“)

Governance discussion: „Every socialised industry will be led by a boards of directors: but this board of directors will no longer be elected by the capitalists but by those groups of the population whose needs the socialised industry shall then have to satisfy.“⁴ Boards of directors of socialised industries therefore „should be composed in approximately the following manner: A third of the members of the board of directors (...) is determined by the trade unions. A second third (...) is formed by the representatives of consumers. The third third of the members of the board of directors finally is formed by the representatives of the state.“⁵

Fritz Naphtalis book „Wirtschaftsdemokratie“ (Naphtali 1977) an essay to determine the position of German socialist labour movement in the short conjuncture between 1923 and 1929 can be seen as a conclusion and summary of the socialisation literature of the post-World War I period (Krätke 2002, 61).

Industrial Democracy and Planism

In the 1930s democratising the economy was an important aim of the international movement for „Labour Plans“. The planist movement was conceived as an alternative to the activist propaganda of fascism for both investment programmes and an authoritarian “corporative order”. Influenced by the WTB-Plan of the German Trade Union Confederation⁶ the psychologist and revisionist socialist Hendrik de Man had written the first “Labour Plan” for the Belgian Labour Party (POB, BWP) in 1933. Inspired by the Belgian plan and on the invitation by de Man and the general secretary of the Swiss Public Sector Union Hans Oprecht 1934 planist thinkers from different European countries met in the Abbey of Pontigny in the North of France. In 1935 the Swiss, Dutch and Czechoslovakian Social Democracy also adopted „Labour Plans“. The Socialist

⁴ „Auch in Zukunft wird jeder vergesellschaftete Industriezweig von einem Verwaltungsrat geleitet werden; aber dieser Verwaltungsrat wird nicht mehr von den Kapitalisten gewählt werden, sondern von den Vertretern derjenigen Bevölkerungskreise, deren Bedürfnisse der sozialisierte Industriezweig fortan befriedigen soll.“

⁵ „Daher wird man den Verwaltungsrat für jeden der vergesellschafteten Industriezweigen ungefähr in folgender Weise zusammensetzen: Ein Drittel der Mitglieder des Verwaltungsrates wird von den Gewerkschaften (...) bestimmt. Ein zweites Drittel (...) bilden die Vertreter der Konsumenten. Das dritte Drittel der Verwaltungsratsmitglieder endlich bilden die Vertreter des Staates.“ (Bauer 1919, 96 f)

⁶ Named after the initials of its authors (Wladimir Woytinski, Fritz Tarnow und Fritz Baade) this plan “put forward a large-scale public works programme with counter-cyclical aims, to be financed by deficit spending (...) By intervening with concrete legislative proposals, the WTB Plan contravened one of the principles of the division of labour between the SPD and the unions. Hilferding opposed it because it was ‘unMarxist’ – in reality because the SPD (...) was afraid that the plan would antagonize the Chancellor, Brüning” tolerated by the SPD and his deflationary politics. (Sassoon 1996: 60, for the influence of the des WTB-Plan on de Man, ibd. P. 68).

Party of Switzerland in 1942 edited a new version of the plan more adapted to Switzerland and with an even stronger element of Industrial Democracy stressing the element of what it called “the free, co-operative tradition” of Switzerland under the title “New Switzerland”. It was the most important but also the last programme of structural reform to be edited by Swiss Social Democracy.

Of striking relevance for our contemporary situation remains the combination between Industrial Democracy and a quasi-keynesian anti-crises strategy promoting the purchase power of both the working class in a strict sense and neighbouring social groups as white collar workers and small farmers and independents. However the Plan was not translated into action in any of the countries where the labour movement or parts of it had adopted it. His shattered illusions about realising the plan in the framework of democracy have led de Man who anyway was in many respects close to anti-marxist, activist and technocratic-elitist thinking to become an admirer of the allegedly “organizing” and “anti-capitalist” practices of the fascist regimes (Pels 1985, 148 ff; Sternhell 1990, 343). This peaked even in a rather short and unsuccessful attempt to collaborate with the Nazi occupation of Belgium in 1940. De Man’s drifting towards the right had nothing to do with his rather convincing attempts to claim the then fashionable notion of “corporatism” for the left (Man 1934). In his brochure „corporatisme et socialisme“ he quite contrarily pointed to the existence of free trade unions and political equality in the state sphere as the decisive elements distinguishing democratic corporatism for which the labour movement should aspire and authoritarian corporatism promoted by fascism (ibid., 32ff). Bodies of self-government of the economy as such are not a danger to political democracy but they can become so when they are used to substitute the parliament in its key functions instead of completing it in areas that hitherto have not been part of democratic decision-making. A strategy for Industrial Democracy therefore always also has to defend political democracy and should depart from the real class relations and their historical and materialist analysis⁷.

The Cold War – Industrial Democracy as a „Third Way“

⁷ De Man had proposed a ‚psychological‘ revision of Marxism already in the 1920s Jahren, whereby he considered exploitation rather an ethical than an economic problem, this approach was already then approved by Mussolini who shared with de Man and the German Sociologist Robert Michels converted form syndicalist to fascist common ideological roots in the „revolutionary revisionism“ of Sorel (Sternhell 1999: 310 ff).

After World War II on the economical and industrial (but in most countries not on the shop-floor-level) level the power of the trade unions was strengthened. But more ambitious industrial democratic projects had a weak stand between the fronts in the ideological climate of the Cold War. The expectation that the reconstruction-period after World War II should lead to a breakthrough of the interventionist concepts of the left was disappointed in the „golden age“ of capitalism (Hobsbawm 1994) now beginning. Instead there was a revival of “pro-market views” (Sassoon 1996, 190). In Germany after strike-threats by the DGB parity boards of directors in the mining and steel industry were introduced in 1951. However the new Industrial Constitution Act (Betriebsverfassungsgesetz) in 1952 did not foresee much co-decision in other industries and was therefore rejected by the social democrats and communists in parliament (Bontrup 2004).

Besides the unfavourable political climate of the Cold War also the fact that the projects of the inter-war years had partially relied on unsatisfactory analysis of capitalist development contributed to the thwarting of industrial democratic alternatives after World War II: Rudolf Hilferdings theory of „organized capitalism“, on which Fritz Naphtalis book „Economic Democracy“ mainly rested, was in its final stage very close to Bernstein’s assumption that cartels and trusts would lead to a weakening of capitalism’s inherent tendency towards economic crisis. The self-government bodies of Industrial Democracy were merely imagined as democratised cartels the socialised corporations as democratised trusts. But the Great Depression of the 1930s and the fact that „organized capitalism did not bring about Industrial Democracy but fascism“ (Höppner 2005) shattered permanently this classical-reformist assumptions. German Social Democracy after World War II therefore revised this position and increasingly supported liberal anti-trust legislation and no longer Industrial Democracy as the main means to control monopolistic economic power. With the Godesberg declaration of principles in 1959 the political vision of the SPD became a that of a “co-decided (financial-) market capitalism” (Höppner, 2005)⁸. It replaced thus an autonomous policy for the control of economic power by endorsing the conception of a “social market economy” coined by the Christian-Democratic minister Erhart, which was often campaigned for more consistently by the SPD than by the CDU (ibid.). But the left wing of the German trade union movements led

⁸ „Mitbestimmter (Finanz-)Marktkapitalismus“

by the president of the IG Metall, Otto Brenner, still strived for and further developed Industrial Democracy (Vilmar 2002, 40 ff).

Left social democrats and reform-minded communists both rather marginalized groups at the time considered Industrial Democracy as a base for a democratic-socialist „third way“ between the soviet-system and monopoly capitalism during the whole period of the Cold War.

Projects of Co-Management and Self-Government in the 1970s

At the end of the 1960s a revival of the debate on Industrial Democracy started. Particularly the projects by oppositional left forces in the soviet bloc (e.g. the conceptions of the economic minister of the Prague Spring government Ota Šik) were widely discussed.

Willy Brandt won the West German elections of 1969 under the slogan „Let's dare more democracy“ („Mehr Demokratie wagen“), one of the projects of his social-liberal coalition then was an amendment of the Industrial Constitution Act in 1972 and the Co-Decision Act of 1976 which brought about a restricted parity co-decision in all corporations with more than 2000 workers (Bontrup 2004).

The French Left Union alliance of socialists, communists and the left wing of the radical party in their common programme urged for far-reaching nationalisations and self-management (*autogestion*) rights (Sassoon 1997, 538 ff.). After the victory of the left in 1981 the programme was first partially implicated (ibid., 551 f, 563 f), but when the government reacted to pressures by the financial markets with a sharp turn to the right in 1983, this marked the end of this conjuncture of Industrial Democracy not only in France but in the whole of Europe.⁹

A major problem of the Industrial Democracy debate in this period was also that the revitalised concepts of the trade unions at one hand and the new spring of utopian experiments in the alternative movements at the other remained in most cases virtually isolated from each other. It is therefore no surprise that the latter often ended as many

⁹ It's interesting that it was precisely the originally catholic but since the 1960s socialist-leaning trade union confederation CFDT which had been the main advocate of *autogestion* (self-management) became later the „champion of the modernising 'second left' which surged after the failures of 1981-82“ (Sassoon 1997, 564). This social-liberal tendency was led by Jacques Delors and Michel Rocard and can to some degree be seen as a fore-runner of „New Labour“.

other cooperative experiments before: with a retreat in the private sphere or the transformation in ordinary (petit-) bourgeois enterprises.

Investment Funds and Industrial Democracy

Several contemporary authors describe a possible future socialist mode of production as an economy of investment funds (Kremer 1998, Krätke 1997, Aglietta/Rébérioux 2005, Sjöberg 2004). In this context the theoretic power of wage earners as shareholders through the growing importance of corporate and semi-public pension funds is often mentioned (for example: Spieler 2005). The experience of the Swedish labour movement in what was probably the most ambitious plan for democratising the economy through collective capital formation in workers' controlled investment funds are therefore very instructive:

In 1971 the Swedish trade union confederation LO adopted a programme for co-decision and Industrial Democracy. At the core of LO's conception of Industrial Democracy therefore was the plan of investment policy elaborated by Rudolf Meidner, leading intellectual of the Swedish labour movement and in the 1950s one of the authors of the Rehn-Meidner model for the Swedish solidaristic incomes policy: Through the means of wage-earners-funds („*löntagarfonder*") the private sector should be put under a gradually stronger control by the workers and their unions. The context the revival of Industrial Democracy among the Swedish trade union leadership is to be seen in the increasingly paradox results of the solidaristic wage policy: Because it brought about wage restraint for workers in the most productive industries there were growing 'excess profits'. Workers' discontent with this situation was uttered in a wave of mostly wildcat strikes between 1969-1971 (Sassoon 1997, 375). Wage restraint and the necessity of high profits in these most profitable firms should therefore be compensated by the wage earner funds with more workers' influence thus presenting "an alternative to controlling wages through unemployment – the solution adopted by the Right throughout Europe". (Sassoon 1997, 706 ff).

Originally conceptualized as a complementary element of the solidaristic wage policy and thus wholly inspired by the reformist logic of the Swedish labour movement the Meidner plan signified nevertheless a step in a qualitatively different direction in questioning and threatening the heart of the capitalist mode of production (Sjöberg 2004, 31): The project

was fundamentally different from other profit-sharing models because in the long run it aimed not only at giving workers a share of the profits but the control over the means of production. Not individual workers but the fund should get the profit. 20 % of the annual profits of firms with more than 50 employees should be transmitted to the fund in the form of additional shares, whereby following Meidner's calculations the funds should have reached a majority of capital in the corporations in approximately 20 to 40 years. In 1976 the plan was in principle accepted by the Swedish parliament. In the same year however the Swedish Social Democracy for the first time since the 1930s lost the elections. (Sassoon 1997, 709; Sjöberg 2004, 36).

The political failure of the wage-earner funds as a „hegemonic turning point“

In the following years the forward march of Swedish labour turned into a retreat: While the idea of the wage earners' funds originated in a phase of radicalisation of the Swedish unions (1971-1976). The public and the parliamentary debate on the funds (1976-83) as well as their existence in a form watered-down to several smaller regional funds without the original anti-capitalist ambitions (1983-91) fell in phases when labour was already in a defensive position. The bourgeois bloc used the conflict on the funds to drive labour farther back into a defensive position, thus reconquered its „hegemonic power“ and succeeded in questioning the whole „social-democratic model of welfare“, the so-called people's home (*Folkshemmet*) (Sjöberg 2004, 31). To put it shortly Sjöberg argues that because the labour movement did not succeed in moving on from the welfare to Industrial Democracy, social conditions were sustained that made possible the undermining of the major historical achievements of the labour movement and thus turn back the wheel of history. Although most other countries lack such concrete experience with an ambitious industrial economy scheme, this thesis may probably be generalized and thus might be one of the central political reasons for the success of neo-liberalism and also the partial recognition of some of its major ideological mantras by important parts of the social democratic leadership in many countries.

Societal funds as a future form of collective capital formation?

Besides growing difficulties in controlling investment nationally under the conditions of increasingly internationalised financial markets (Sassoon, 713) a crucial weak point of

the wage-earner funds was from the outset their essentially syndicalist character. By this large proportion of the population were excluded from the participation in wage earner funds which opened their minds for the bourgeois counter propaganda. Propositions by Walter Korpi to take the general interest also into consideration in running the funds were not implicated (Sassoon 1997, 712). The wage earner funds were by the way far from being the only conception in that period that suffered from a productivist and syndicalist bias. It is an interesting feature of the discussions on Industrial Democracy after World War II that they were in most cases limited to demands for more workers' co-decision rights and more public control. The demands for consumers' representation so present in the discussion after World War I but also to a certain extent in the planism of the 1930s and 1940s had merely vanished. Probably this could be related to the fact that while at the end of World War I a militant consumer movement mainly led and formed by women had existed, this was no longer the case later. When the environmental and development movements of the 1970s started trying to win the support of consumers for their aims, neither them nor the unions were really willing to find an alliance with each other. Today the conditions for a coordinated mobilisation of workers and consumers probably would be better again.

To avoid syndicalism Sjöberg (2004, 35) pleads for so-called „societal funds“ able to combine what he calls

1. the „geniality of the construction presented by Meidner“, which was able to bring about a shift in the property- and power-structures on the corporate level without negatively influencing the liquidity of these corporations with
2. a new form of management of the funds able to guarantee a balance between workers and civil society between producers and consumers.

Trade Union pension funds could also play a role in such a funds' strategy provided „that the labour movements acts as a unified hegemonic force.“ It could also be imagined to coordinate regional and national funds in an international system.¹⁰ Sjöberg (2004, 36) admits that an international fund strategy is until now not elaborated and therefore needs continuous discussion and theoretical development.

¹⁰ It can be noted here that the International Confederation of Free Trade Unions (ICFTU), the Global Union Federations (GUF) and the Trade Union Advisory Commission at the OECD (TUAC) have founded a joint committee which should discuss the coordination of investment of capital owned by workers: . In the USA the AFL-CIO has tried since some years to coordinate the investment policy of pension funds: <http://www.aflcio.org/corporatewatch/capital/whatis.cfm>.

Might such an international fund system even be a form of a “community of the economy”¹¹ which Naphtali (1977, 162), thought to be a necessary pre-condition for Industrial Democracy adapted to the challenges of globalisation? Other important elements for a democratic control of trans-national corporations could be the expansion of International Framework Agreements (IFAs) already concluded today between some trans-nationals and some Global Union Federations (Gallin 2005), while both international NGOs and organizations of the UN-system could play a role in representing consumers.

Conclusions for the future of Social Democratic Policy

Since 1989 discussion on the private property of the means of production, on the control of economic power and thus also on democratising the economy seem to have played no major role in the debate inside both social democratic parties and trade unions.

In academic discourse however some newly developed approaches emerged that would be worth a broader discussion. One could cite here the concept of „Associative Democracy“, which as a „real third way“, aims at actualising elements of Guild Socialism and asks the question of the possibility of democracy beyond the state (Hirst 1994) or also the draft of a „Participatory Economy“ (Parecon) discussed in the movement for another globalisation and namely at the World Social Forums (Albert 2004).

On a more practical level, it becomes clear that more and more industrial struggles against the closing down and outsourcing of plants directly focus on decisions on investment and corporate governance. In bargaining for social plans to moderate the effects of such industrial changes, workers and their union often have to take responsibilities in the strategic corporate leadership already today. They simply have to confront the dismantling strategies of a new generation of managers who orientate their decision to the short-term profit interest of shareholders (Aglietta/Réberieux 2004) with their own perspectives for the future of often highly productive industries.

The History of Industrial Democracy is crucial for its relevance for the present. The rediscovery of forgotten alternatives may stimulate future offensives, an accurate

¹¹ „Gemeinwesen der Wirtschaft“

analysis of the failure of the major experiments for democratising the economy may optimize the chances for projects yet to arise.

If it is surely not possible to deliver instant recipes, I try to conclude with some provisional conclusion for rethinking Industrial Democracy:

- New attempts for democratising the economy will have to be more strongly embedded in the actual struggles of the labour movement than most of the previous projects. When concepts of Industrial Democracy leave this base of an orientation on the interests of the working class there is a great danger that they turn into their reverse. Here Hendrik de Man's desertion to fascism and the neo-liberal instrumentalisation of parts of the self-management thinking of the 1970s are warning lights.
- New models of Industrial Democracy will have to retain the distinction between genuine socialisation and the more limited approaches of both syndicalisation and nationalisation from Guild Socialism and the socialisation-debate in Germany and Austria after World War I. By this I mainly mean the development of forms of a balanced representation of producers, consumers and public interest.
- They will have to retain the combination of democratising investment decisions and anti-crisis investment programs from the planist approaches of the 1930s und 1940s.
- From the discussion on work-place humanising and self-management of the 1970s future Industrial Democracy will have to take over a stronger stress on the individual perspective.
- From the Swedish wage earner funds future projects could take over a very convincing model of a step-by-step socialisation of the means of production that avoids disruptive by-effects as e.g. lacking liquidity.
- On the level of the theoretical discussions as Michael Krätke has argued, the discussions on Industrial Democracy, reform of democracy and market socialism that until now have been merely separated should be brought together (Krätke 2003, 61 f.).
- Projects for Industrial Democracy will have to analyse the scope of socialist and trade union action under the conditions of the contemporary stage of capitalist

development in which internationalisation and the financial sector play a more important form than in earlier stages.

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